JOINT STOCK COMPANY ELEKTROPRIVREDA SRBIJE, BEOGRAD

Consolidated Financial Statements for the Year Ended 31 December 2024

Prepared in Accordance with IFRS Accounting Standards

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

CONTENTS **Page**

Independent Auditor's Report

To the Shareholder of Joint Stock Company "Elektroprivreda Srbije" Beograd

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Joint Stock Company "Elektroprivreda Srbije" Beograd (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

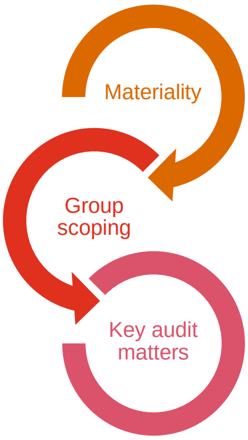
Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors in the Republic of Serbia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code as adopted by the Chamber of Auditors in the Republic of Serbia.

pwc

Our audit approach

Overview



- Overall Group materiality: RSD 4,426,305 thousand, which represents 1% of the revenue from contracts with customers for year ended on 31 December 2024.

- We conducted audit work at 6 reporting units in 3 countries.
- The Group engagement team and PwC network firms audited all subsidiaries.
- Our audit scope addressed 100% of the Group's revenues and 100% of the Group's absolute value of underlying profit before tax.

- Estimation of decommissioning and environmental protection provision
- Impairment of non-financial assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	RSD RSD 4,426,305 thousand
How we determined it	1% of the revenues for the year ended 31 December 2024
Rationale for the materiality benchmark applied	We determined our materiality should be based on revenues from contracts with customers. This benchmark is more representative for the Group as other benchmarks such as net result are affected by the significant fluctuations in electricity prices. We have chosen 1% which, in our view, is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

We agreed with the those charged with governance that we would report to them misstatements identified during our audit above RSD 221,200, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Estimation of decommissioning and environmental protection provisions Provisions associated with decommissioning, environmental protection and restoration are disclosed in Note 29 to the consolidated financial statements; a description of the accounting policy and key judgements and estimates is included in Note 4.13 and Note 2.6. The calculation of decommissioning and environmental protection provisions requires significant management judgement because of the inherent complexity in estimating future costs, discount rates and maturity of liabilities. The decommissioning of landfills and dumps for ash and slag in Thermal Power Plants Kostolac, Kolubara, Morava, Nikola Tesla A and Nikola Tesla B (further in Thermal Power Plants) is an evolving activity and consequently there is limited historical precedent against which to benchmark estimates of future costs. These factors increase the complexity involved in determining accurate accounting provisions	We critically assessed management's annual review of provisions performed as at 31 December 2024. Testing involved understanding of the legal or constructive obligations with respect to the environmental protection and decommissioning of each asset based on the estimated useful life of assets and relevant cost to complete restoration. Of particular note, we performed the following procedures: -We assessed the external expert' qualifications and expertise; -Identified and tested the cost assumptions which have the most significant impact on provisions by inspecting the studies provided by external management' expert; - Used our internal valuation experts to evaluate reasonableness of the discount rate applied to the cost assumptions and compared it to the Serbian treasury notes for the similar periods; - Verified the mathematical accuracy of the underlying models;

that are material to the Group's consolidated statement of financial position. Management engaged an external expert to estimate the cost of decommissioning of landfills and dumps for ash and slag in Thermal Power Plants. As a result of such estimation Management calculated provision to be included as at 31 December 2024. Management reviews decommissioning and environmental protection provisions on an annual basis for production assets. This review incorporates the effects of any changes in local regulations, management's expected approach to decommissioning, cost estimates, discount rates, maturity of liabilities and the effects of changes in exchange rates.	- Verified the completeness of data by cross referencing with other non-financial data and other work performed on property, plant and equipment; - Obtained the sensitivity analysis prepared by management for the change in key assumptions (discount rate and cost estimates). We tested mathematical accuracy of calculations. - We assessed the adequacy of relevant disclosures in the notes to consolidated financial statements.

Impairment of non-financial assets

Refer to Note 4.16 (material accounting policies), Note 2.6 (use of key judgements), and Note 19 and Note 20 (property, plant and equipment and intangible assets).

As of 31 December 2024, the carrying amount of the Company's property, plant, and equipment was RSD 846,856,576 thousand and the value of intangible assets was RSD 8,806,166 thousand, which represents a significant portion of the Group's total assets. The assessment of impairment of non-financial assets involves significant judgement and estimates by management, particularly in relation to the determination of cash-generating units (CGUs), the recoverable amounts, and the discount rates used in the impairment calculation.

At the end of each reporting period the Group assesses whether indicators of impairment exist. If such indicators exist, the Group estimates the recoverable amount of the asset or cash-generating unit to which the asset belons, in order to determine whether an impairment loss should be recognized.

For the year ended on 31 December 2024, the Group identified impairment indicators and performed impairment test which resulted in impairment of one CGU in the amount RSD 9,320,715 thousand (Note 19) out of which RSD 1,792,153 thousand was recognized in consolidated statement of profit or loss.

We performed the following procedures:

- Understanding of the Process: We obtained an understanding of the Group's process for identifying indicators of impairment and its methodology for performing impairment tests on non-financial assets.

- We assessed the external expert' qualifications and expertise;

- Evaluating Management's key assumptions: We evaluated the appropriateness of the key assumptions used by management in their impairment analysis, including:
  - the determination of CGUs;
  - the forecasted future cash flows, comparing them to historical performance and/or external sources used by the management.

- Sensitivity Analysis: We performed sensitivity analyses on the key assumptions to understand their impact on the impairment assessment and identified any potential risks of management bias.

- Used our internal valuation experts to evaluate the following:
  - appropriateness of methodology applied;
  - test the mathematical accuracy of the model;
  - reasonableness of the discount rate applied in terms of methodological approach to discount rate derivation and inputs used for discount rate assessment;
  - conceptual approach to formulation of certain assumptions, including investment in net working capital of CGUs and projection of output of CGU Panonske elektrane.

- We assessed the adequacy of relevant disclosures in the notes to consolidated financial statements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the group scope of our audit work, we determined the nature and extent of work to be performed both at the reporting units and at the consolidated level. All reporting unit audit work was undertaken by us and PwC network firms.

Our approach to determining the scope of the audit of the Group is a three-step process whereby reporting units are deemed to be within the scope for audit testing based on meeting one or more of the following criteria:

1) Significant contribution to result before taxation, revenue or total assets. These reporting units are subject to full scope audits;

2) The presence of a significant risk, either at the reporting unit as a whole or relating to a specific financial statement line item. This includes financial statement line items impacted by the risks of material misstatement identified in our planning; or

3) The most significant other reporting units that enable us to satisfy our coverage criteria on each financial statement line item and to add elements of unpredictability in our scope.

Based on this process, we identified 6 reporting units in 3 countries that, in our view, required full scope audit. Together, these reporting units accounted for 100% of the Group's revenue and 100% of the Group's absolute value of underlying result before tax.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The licensed auditor on the audit resulting in this independent auditor's report is Milivoje Nešović.

Milivoje Nešović
Licensed Auditor
PricewaterhouseCoopers d.o.o., Beograd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 December 2024
(In thousands of Dinars)

	Note	2024	2023
Revenue from contracts with customers	5	442,630,450	457,097,491
Interest income	6	6,977,203	6,454,428
Other income	7	4,235,252	38,414,651
Changes in inventories of finished goods and work in progress		(1,584,394)	2,092,881
Work performed by the entity and capitalised		1,893,541	1,477,300
Cost of purchased electricity	8	(157,912,985)	(136,367,449)
Cost of materials	9	(78,971,803)	(80,187,767)
Wages, salaries and other personnel expenses	10	(63,436,542)	(56,290,901)
Depreciation and amortization	11	(37,910,386)	(36,997,433)
Repair and maintenance	12	(15,987,943)	(13,695,634)
Impairment losses on intangible assets, property, plant and equipment – net		(1,704,478)	(2,294,671)
Impairment losses on financial assets – net	13	(5,937,538)	(4,165,293)
Impairment losses on other current assets – net	14	(573,940)	(955,268)
Other operating expenses	15	(55,688,097)	(47,137,567)
OPERATING PROFIT		**36,028,340**	**127,444,768**
Finance income	16	4,365,166	6,318,907
Finance costs	17	(11,433,862)	(8,141,552)
PROFIT BEFORE TAX		**28,959,644**	**125,622,123**
Income taxes	18	(7,827,142)	(15,711,315)
PROFIT FOR THE YEAR		**21,132,502**	**109,910,808**
Loss attributable to:			
- Owners of the Group		21,575,941	110,283,245
- Non-controlling interests		(443,439)	(372,437)
		21,132,502	**109,910,808**

The accompanying consolidated financial statements were authorized for issue by the management of the parent company Elektroprivreda Srbije a.d., Beogad on 23 June 2025.

Signed on behalf of Elektroprivreda Srbije a.d., Beograd:

Dušan Živković
General Manager

Milan Laković
Executive Director for Financial Affairs

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the Year Ended 31 December 2024
(In thousands of Dinars)

	Note	2024	2023
Profit/ for the year		**21,132,502**	**109,910,808**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	31	(1,952,695)	(2,740,572)
Equity investments at FVOCI – net change in fair value		2,032	(6,153)
Revaluation reserves decrease due to impairment loss	19	(7,528,562)	-
Related tax	18(d)	1,421,882	412,009
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		(6,972)	(6,014)
Other comprehensive income/(loss) for the year, net of tax		**(8,064,315)**	**(2,340,730)**
Total comprehensive income/(loss) for the year, net of tax		**13,068,187**	**107,570,078**
Total comprehensive income/(loss) attributable to:			
- Owners of the Group		13,511,645	107,954,167
- Non-controlling interests		(443,458)	(384,089)
		13,068,187	**107,570,078**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(In thousands of Dinars)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	19	846,856,576	832,372,277
Intangible assets	20	8,806,166	8,806,680
Investment property		473,243	473,826
Biological assets		40,761	166,973
Advances for property, plant and equipment	21	30,705,809	29,097,323
Other long-term financial assets	22	2,726,774	2,829,367
		889,609,329	**873,746,446**
Current assets			
Inventories	23	39,847,144	42,644,552
Assets held for sale		754,736	754,736
Advances paid for inventory and services	24	5,214,028	4,407,032
Trade and other receivables	25	99,439,208	99,402,552
Income tax receivables		3,946,550	-
Short-term financial assets		529,580	361,932
Cash and cash equivalents	26	30,315,751	37,058,238
Other current assets	27	3,793,249	4,438,935
		183,840,246	**189,067,977**
TOTAL ASSETS		**1,073,449,575**	**1,062,814,423**
EQUITY AND LIABILITIES			
Equity			
Issued capital	28	365,105,090	365,105,090
Legal reserves	28	37,993	34,879
Revaluation reserves	28	433,620,493	442,420,705
Fair value reserves	28	(74,647)	(76,341)
Translation reserves	28	(16,232)	(9,260)
Accumulated loss		(152,507,939)	(174,064,804)
Equity attributable to owners of the Group		**646,164,758**	**633,410,269**
Non-controlling interests	39	**1,199,307**	**1,642,765**
Total equity		**647,364,065**	**635,053,034**
Non-current liabilities			
Provisions	29	18,037,200	18,959,067
Long-term loans and borrowings	30	157,409,835	134,413,000
Employee benefits	31	24,044,479	15,319,368
Deferred income	32	8,239,511	8,673,270
Deferred tax liabilities	18(c)	59,561,306	64,307,904
		267,292,331	**241,672,609**
Current liabilities			
Short-term loans and borrowings	33	36,999,769	41,336,875
Employee benefits	31	3,085,602	1,686,105
Contract liabilities	34	3,106,908	2,611,337
Trade payables	35	59,321,159	64,738,630
Other liabilities and accruals	36	51,011,280	55,605,608
Provisions	29	5,268,461	2,373,136
Income tax liabilities		-	17,737,089
		158,793,179	**186,088,780**
TOTAL EQUITY AND LIABILITIES		**1,073,449,575**	**1,062,814,423**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2024
(In thousands of Dinars)

	Note	Attributable to owners of the Group Issued capital	Legal reserves	Revaluation reserves	Fair value reserves	Translation Reserves	Accumulated loss	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023		**360,895,339**	**33,693**	**444,767,629**	**76,269**	**(3,246)**	**(279,749,074)**	**526,020,610**	**2,026,854**	**528,047,464**
Profit for the year		-	-	-	-	-	110,283,245	**110,283,245**	(372,437)	**109,910,808**
Other comprehensive income/(loss):										
Fair value gains on financial assets at FVOCI, net of tax		-	-	-	(5,230)	-	-	**(5,230)**	-	**(5,230)**
Remeasurements of employee benefit obligations, net of tax	31	-	-	-	-	-	(2,317,835)	**(2,317,835)**	(11,652)	**(2,329,487)**
Exchange differences on translation of foreign operation		-	-	-	-	(6,014)	-	**(6,014)**	-	**(6,014)**
		-	-	-	(5,230)	(6,014)	(2,317,835)	**(2,329,079)**	(11,652)	**(2,340,731)**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**(5,230)**	**(6,014)**	**107,965,410**	**107,954,166**	**(384,089)**	**107,570,077**
Transfers	28	-	1,186	(2,328,278)	-	-	2,327,092	**-**	-	**-**
Reconciliation with registered capital		4,209,751	-	-	-	-	(4,209,751)	**-**	-	**-**
Other		-	-	-	(147,380)	-	(352,629)	**(500,009)**	-	**(500,009)**
Transaction with owners										
Transfer of PPE to Republic of Serbia	19	-	-	(18,646)	-	-	(45,852)	**(64,498)**	-	**(64,498)**
Balance as at 31 December 2023		**365,105,090**	**34,879**	**442,420,705**	**(76,341)**	**(9,260)**	**(174,064,804)**	**633,410,269**	**1,642,765**	**635,053,034**
Profit for the year		-	-	-	-	-	21,575,941	**21,575,941**	(443,439)	**21,132,502**
Other comprehensive income/(loss):										
Impairment of PPE, net of tax	19	-	-	(6,399,278)	-	-	-	**(6,399,278)**	-	**(6,399,278)**
Fair value gains on financial assets at FVOCI, net of tax		-	-	-	1,726	-	-	**1,726**	-	**1,726**
Remeasurements of employee benefit obligations, net of tax	31	-	-	-	-	-	(1,659,772)	**(1,659,772)**	(19)	**(1,659,791)**
Exchange differences on translation of foreign operation		-	-	-	-	(6,972)	-	**(6,972)**	-	**(6,972)**
Total comprehensive income/(loss) for the year		**-**	**-**	**(6,399,278)**	**1,726**	**(6,972)**	**19,916,169**	**13,511,645**	**(443,458)**	**13,068,187**
Transfers	28	-	3,114	(1,469,209)	-	-	1,469,209	**3,114**	-	**3,114**
Other		-	-	-	(32)	-	773,856	**773,824**	-	**773,824**
Transaction with owners										
Transfer of PPE to Elektrodistribucija Srbije	19	-	-	(931,725)	-	-	(602,369)	**(1,534,094)**	-	**(1,534,094)**
Balance as at 31 December 2024		**365,105,090**	**37,993**	**433,620,493**	**(74,647)**	**(16,232)**	**(152,507,939)**	**646,164,758**	**1,199,307**	**647,364,065**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2024
(In thousands of Dinars)

	Note	2024	2023
Cash flows from operating activities			
Cash receipts from the sale of goods and rendering of services		456,148,066	430,693,233
Cash receipts from insurance indemnities		160,528	370,345
Cash receipts from rental income		334,171	158,669
Cash receipts from refund of excise duties		129,062	498,682
Cash receipts from other revenue		1,144,763	272,855
Cash payments to suppliers for goods and services		(237,841,354)	(225,115,823)
Cash payments to and behalf of employees		(55,147,136)	(52,028,272)
Cash payments of other taxes and contributions		(81,447,443)	(69,637,652)
Cash generated from operations		**83,480,657**	**85,212,037**
Interest paid		(7,615,201)	(6,647,703)
Income taxes paid	37.1	(32,836,875)	(1,311,512)
Net cash from operating activities		**43,028,581**	**77,252,822**
Cash flows from investing activities			
Interest received		3,054,998	1,601,608
Cash receipts from sales of property, plant and equipment, and intangible assets		104,678	565
Cash receives from sale of investments in an associates		-	1,415
Cash payments to acquire property, plant and equipment and intangible assets		(46,915,066)	(53,430,046)
Long-term financial deposit		33,743	1,053
Other financial investments		(57,617)	(1,577)
Net cash used in investing activities		**(43,779,264)**	**(51,826,982)**
Cash flows from financing activities			
Cash receipts from loans and borrowings	30	36,050,955	30,223,822
Cash repayment of loans and borrowings	30	(35,840,500)	(29,695,789)
Cash payments of lease liabilities	30	(9,536)	(9,555)
Payment of other short-term liabilities		(6,248,065)	(2,743,262)
Net cash used in financing activities		**(6,047,146)**	**(2,224,784)**
Net increase in cash and cash equivalents		**(6,797,829)**	**23,201,056**
Cash and cash equivalents at beginning of period	26	37,125,145	14,128,936
Effects of foreign exchange rate changes on cash and cash equivalents		20,757	(221,692)
Effects of changes in expected credit losses on cash and cash equivalents		(32,322)	(50,062)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**26**	**30,315,751**	**37,058,238**

1. REPORTING ENTITY

General information

The Joint Stock Company Elektroprivreda Srbije, Beograd (hereinafter “Company”) was established for the purpose of providing conditions for regular and secure electricity supply to tariff customers on the territory of the Republic of Serbia, based on the Decision of the Government of the Republic of Serbia on Establishment of the Public Entity for the Production, Distribution and Trade in Electricity 05, number 023-396/2005-1 (Official Gazette of RS, number 12/2005) in the form of a public entity under the name of Public Entity Elektroprivreda Srbije, Beograd. The Company started operating on 1 July 2005 based on Business Registers Agency Decision No. BD 80380/2005.

On 6 April 2023, the Government of the Republic of Serbia adopted Decision no. 023-1457/2023 on the change of the Company's legal form from a public company to a joint-stock company under the full business name of the Joint Stock Company “Elektroprivreda Srbije”, Beograd, which will continue to perform the public company’s activities in the same way as before the change of legal form.

By the Business Registers Agency’s decision number BD 36389/2023 dated 13 April 2023, the change of data on the legal form as well as the change of the Company's business name to the Joint Stock Company “Elektroprivreda Srbije”, Beograd was registered. The Company as a joint-stock company takes over the assets, rights, obligations and employees of the public company on that same date.

The registered office is located in Beograd with its address in Balkanska street no. 13. The Company’s ID No. is: 20053658. The Company’s tax identification number is 103920327.

The Joint Stock Company “Elektroprivreda Srbije”, Beograd, together with its subsidiaries represent EPS Group (hereinafter “Group”).

The principal activities of the Group relate to the production of electricity, electricity supply and trading of electricity. Beside those activities the Group is also involved in other operating activities among which the most important relate to coal production, processing and transport, production of steam and hot water in combined processes.

The Group possesses relevant licenses for conducting energy activities as defined by the Energy Law. In accordance with such law the entity which operates several different energy activities obtains a separate licence for each individual energy activity. Accordingly, the Group has the license for the following energy activities:

- electricity production,
- combined power and heat production,
- storage of oil, oil derivatives and biofuels,
- trade in oil, oil derivatives, biofuels, bioliquids, compressed natural gas, liquid natural gas and hydrogen and
- electricity supply.

Obtained licenses are valid for a 10-year period while in case of the license for electricity production and combined power and heat production, the license is issued for a 30-year-period. The license is not transferable, and the licence validity period can be extended upon submission of proper application as defined by the Energy Law.

The managing of the Company is organized on a bicameral basis, with the managing bodies of the Company being:

- Shareholders’ Assembly - by the Decision of the Government of the Republic of Serbia 24 number 119-3415/2023 of 25 April 2023, the Founder appointed an authorized representative in the Company Shareholders’ Assembly. The authorized representative of the Founder was appointed for a period of four years;

- Supervisory Board - members of the supervisory board are appointed by the Assembly for a period of up to four years. The Supervisory Board was appointed by the Decision of the Assembly dated 8 June 2023; and

- Executive Board - the Executive Board has seven executive directors, one of whom is the General Manager and they are appointed by the Supervisory Board for a period of up to four years.

As at 31 December 2024 the Group had 19,725 employees (31 December 2023: 19,857 employees).

1. REPORTING ENTITY (continued)

Ownership

In accordance with the aforementioned decision no. 023-1457/2023 from 6 April 2023, the total share capital of the Company is converted into 36,510,509 common shares with voting rights, with a nominal value of RSD 10,000 each, so that the Republic of Serbia acquires all 100 percent of the shares of the joint-stock company with a total value of RSD 365,105,090 thousand.

Certain assets handled by the Company which have the status of natural or mineral resources and goods of public interest as defined by the Law on Public Property (power transmission network, power plants, etc.), are state-owned and formal ownership belongs to the Republic of Serbia. With respect to those assets the Company has the usage rights. Provided usage rights enables the Company to fully control those assets and to derive from their usage related economic benefits. Restriction over the Company's control over those assets relate only to the disposal rights. Such assets cannot be disposed or pledged without prior consent of the Government of the Republic of Serbia. Usage and ownership rights over those assets are regulated by the relevant laws and by laws of the Republic of Serbia, there is no bilateral contractual agreements between the Company and its owner. The Company accounts those assets as its own assets on the basis of the economic substance of these legally enforceable rights i.e. that substantially all risks and rewards incidental to the ownership of the assets have been transferred to the Company.

The Founder's corporate documents adopting the Reorganization Program for the Company define, inter alia, the procedure for establishing ownership rights over production buildings and other real-estate property over which the Company can establish ownership rights. In the period following the adoption of the Reorganization Program for the Company, the Founder granted consent for the Company, as the registered holder of usage rights over buildings and separate parts of buildings (commercial buildings, ancillary buildings, warehouses, garages, etc., electricity production facilities and structures serving the electricity production facilities) and land on which they are built, to be entered as the owner thereof in the land registry records in accordance with the Law on Public Property (Off. Gazette of RS no. 72/11, 88/13, 105/14, 104/16 – other law, 108/16, 113/17, 95/18), the Energy Law and other regulations that regulate real-estate ownership rights. Adoption of the appropriate corporate document is expected for establishing appropriate rights by the Company over real-estate properties over which it is not possible to establish ownership rights, in accordance with the Law on Public Property, but that are required for conducting energy and mining activities of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities and certain classes of property, plant and equipment – measured at fair value.

The material accounting policies applied in the preparation of these consolidated financial statements are set out in Note 4. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.6.

These consolidated financial statements were authorized for issue by the General Manager of EPS a.d. on 23 June 2025.

2.2 Basis of consolidation

Group structure

The consolidated financial statements as at 31 December 2024 comprise the financial statements of the Company and its subsidiaries.

The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Basis of consolidation (continued)

The Company's investments in subsidiaries as at 31 December 2024 and 2023 are presented in the table below:

Entity	Country of incorporation	Type of entity	% of ownership	
			31 Dec 2024	31 Dec 2023
"HES Gornja Drina" d.o.o., Foča (i)	Republic of Bosnia and Herzegovina	Subsidiary	51%	51%
"Elektrosever" d.o.o., Severna Mitrovica (ii)	Republic of Serbia	Subsidiary	100%	100%
"Kolubara – Građevinar" d.o.o., Lazarevac (iii)	Republic of Serbia	Subsidiary	71.90%	71.90%
"EPS Trgovanje" d.o.o., Ljubljana (iv)	Republic of Slovenia	Subsidiary	100%	100%
"Moravske hidroelektrane" d.o.o., Beograd (v)	Republic of Serbia	Subsidiary	100%	100%

i. At the end of 2020, the Group acquired 51% share in the company "Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča, Republic of Bosnia and Herzegovina. The Group assumed control over the acquired subsidiary as at 19 November 2020. Accordingly, the financial statements of "Hidroelektroenergetski sistem Gornja Drina" d.o.o., are included in the consolidated financial statements from 1 December 2020.

ii. As at 31 December 2024 the Company is the sole founder of the company for trading electricity „Elektrosever" d.o.o., with registered offices in Severna Mitrovica, Kosovo and Metohija, for performing the commercial activity of trading electricity and providing the service of electricity distribution. The company was established based on the decision of the Supervisory Board of the Company number 12.01.19169/3-2016 dated 20 January 2016, with the approval of the Government of the Republic of Serbia, Decision no. 05 number 023-923/2016 dated 11 February 2016. This company was registered on 7 November 2018.

iii. On 14 December 2017 the Company acquired 71.90% ownership interest in the company for construction of mining infrastructure and non-metals exploitation "Kolubara - Građevinar" d.o.o., Lazarevac in the amount of RSD 1,756,993 thousand. The basis for acquisition of this equity interest was conversion of receivables of the Company due to from "Kolubara - Građevinar" into the equity in accordance with the Decision of the Republic of Serbia as part of the prepacked restructuring plan for the company "Kolubara - Građevinar". The Company assumed control over the acquired subsidiary as at 1 January 2018.

iv. As at 31 December 2024 the Company is the sole founder of the company for trading electricity „EPS Trgovanje" d.o.o., with registered offices in Ljubljana, Slovenia.

v. According to the Memorandum of Understanding concluded with RWE Innogy GmbH, Germany (RWE AG), upon the RS Government approval (Conclusion 05 no. 018-7493/2009 dated 13 November 2009), the Company and RWE AG entered into an agreement on establishment of the company "Moravske hidroelektrane" d.o.o. Beograd. The company "Moravske hidroelektrane" d.o.o. Beograd was entered into the registry maintained by the competent body on 23 August 2011. The objective of establishing the company "Moravske hidroelektrane" d.o.o. is the construction of hydro power plants on the Velika Morava river comprised of at least five hydro power plants with the total power of about 150 MW.

   On 29 December 2022, members of the company "Moravske hidroelektrane" d.o.o. Beograd, RWE Generation Hydro GmbH and the Company concluded contract number 1500 E1201-903628/1-22 on the sale of shares and intellectual property rights over preliminary technical documentation. RWE Generation Hydro GmbH, as the majority member, sold its 51% share, with all the rights and obligations that a majority owner has in the company "Moravske hidroelektrane" d.o.o. Beograd . Through the purchase of these shares at a price of EUR 510,000 the Company became the majority and sole equity owner in "Moravske hidroelektrane" d.o.o. Beograd, and acquired intellectual property rights over the Preliminary Technical Documentation for the Construction of Hydro Power Plants, without any time, territorial or other restrictions, while intellectual property rights over the Preliminary Technical Documentation by RWE Generation Hydro GmbH no longer hold. The change was registered in the Serbian Business Registers Agency on 7 April 2023 under no. 32972/2023. As of that date, the Group's equity interest in its associate, "Moravske hidroelektrane" d.o.o., Beograd, increased from 49% to 100% and "Moravske hidroelektrane" d.o.o., Beograd became a subsidiary from that date.

The Group has 100% interest in the public entities from Kosovo and Metohija (thermal power plants "Kosovo" Obilić, PK "Kosovo" Obilić and "Elektrokosmet" Priština). Since 1999, Kosovo has been under control of international community, therefore the Group has lost administrative and governing control over abovementioned companies. Accordingly, financial statements of the abovementioned companies have not been consolidated and included in these consolidated financial statements of the Group.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Basis of consolidation (continued)

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests

Non-controlling interests (NCI) are measured initially either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s identifiable net assets at the date of acquisition. The choice of measurement basis is made on transaction-by-transaction basis.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and balance sheet respectively. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests have a material interest in one subsidiary (Note 39).

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss or directly in retained earnings (accumulated loss) when the loss of a control is the result of transactions under common control. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in the Group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.2 Basis of consolidation (continued)

Business Combinations under Common Control

Business combinations under common control are the transactions in which the combining businesses are ultimately controlled by the same party both before, and after the combination. The book-value method is used for all transaction under common control because such transactions only move economic resources within the Group.

The book-value method requires the receiving company to measure the assets and liabilities received using the book values of the transferred company. The assets and liabilities of the acquired subsidiaries are included in the consolidated financial statements at their book values. Any difference between the consideration paid and the book value of the assets and liabilities received in a business combination under common control is recorded directly in equity within retained earnings or accumulated loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Serbian dinar (RSD), which is the Company's functional currency. All financial information presented in RSD has been rounded to the nearest thousand.

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries, "Kolubara – Građevinar" d.o.o., Lazarevac and "Moravske hidroelektrane" d.o.o., Beograd, is Serbian dinar (RSD).

For the purpose of preparing the consolidated financial statements, the financial statements of a subsidiaries "EPS Trgovanje" d.o.o., Ljubljana, "HES Gornja Drina" d.o.o., Foča and "Elektrosever" d.o.o., Severna Mitrovica, have been translated into functional currency of the Parent Company, by recalculating the amounts of assets and liabilities using the official exchange rate as of the balance sheet date, whereas income and expenses have been translated using the average exchange rate during the year. Resuting foreign exchange differences are recognized as a separate component of equity, presented within translation reserves (Note 4.5.)

2.4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except when IFRS Accounting Standards require other measurement basis as disclosed in the accounting policies below (Note 4).

2.5 Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will continue its operation for the foreseeable future.

2.6 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 4.10 and 4.11 – Useful life of intangible assets, property, plant and equipment

As described in Note 4.10 and 4.11 the Group reviews the estimated useful lives of intangible assets, property, plant and equipment at the end of each reporting period. The estimate of a useful life of property, plant, equipment and intangible assets is based on historical experience with similar assets, as well as the anticipated technical advancement and changes in economic and industrial factors. Due to the significance of non-current assets in the Group's total assets, any change in the aforementioned assumptions may lead to material effects on the Group's financial position, as well as financial result.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Use of estimates and judgements (continued)

If useful lives of buildings were ten years longer, the carrying amount of buildings would have been approximately RSD 703,378 thousand higher on average as at 31 December 2024 (RSD 682,362 thousand as at 31 December 2023). Conversely, if the useful life were estimated to be ten years shorter, the carrying amount would have been approximately RSD 899,196 thousand lower on average (RSD 871,074 thousand as at 31 December 2023). As for equipment, if useful lives were extended by five years the carrying amount would have been approximately RSD 3,578,482 thousand higher on average as at 31 December 2024 (RSD 3,261,113 thousand as at 31 December 2023). At the same time, shortening the useful lives of the equipment by five years would have resulted in a decrease in the carrying amount of approximately RSD 4,782,989 thousand as at 31 December 2024 (RSD 4,318,734 thousand as at 31 December 2023).

- Note 4.16 – Impairment of non-financial assets

As disclosed in Note 4.16, the Group assesses at each reporting date whether there is an indication that an asset may be impaired.

On 31 December 2024, the Group conducted tests for potential asset impairment at the branch level, where each branch was treated as a cash-generating unit and it determined that the value in use, or the recoverable amount of assets, was higher than their carrying value for all branches, with the exception of the Panonske TE-TO branch, which showed signs of impairment. The value in use for Panonske TE-TO branch was estimated at RSD 2,687,305 thousand, which is RSD 9,320,715 less than the carrying value of tested branch. As a result, an impairment loss was recognized in the income statement for 2024 in the amount of RSD 1,792,153 thousand. In addition, the revaluation reserves were reduced by RSD 7,528,562 thousand (gross), with a corresponding deferred tax asset of RSD 1,129,284 thousand recognized (Note 19).

On 31 December 2023, the Group performed an analysis of internal and external indicators of potential impairment of property, plant, equipment and intangible assets. In relation to external indicators, apart from the long-term movement of electricity prices, the Group performed an analysis of the following indicators: the projected increase in GDP until 2028; the achievement of the target inflation in the Republic of Serbia; the movement of the reference interest rate set by the National Bank of Serbia; the CBAM adopted by the EU in May 2023 and its influence on the Group's future operations; and the real estate and equipment market. Based on the analysis of indicators from external and internal sources of information, the Group concluded that during 2023 there were no significant changes of any kind that would indicate significant changes in the value of the Group's total assets, and that there were no indications of a decrease in the value of the Group's property, plant and equipment. An exception is construction in progress which refers to the Thermal power plant project "Kolubara B", for which an impairment loss was recognized in the income statement for 2023 in the total amount of RSD 2,129,167 thousand (Note 19).

- Note 4.15 – Impairment of financial assets

The fair value of financial instruments for which no active market exists is assessed by means of appropriate valuation methods. The Group applies professional judgement in selecting appropriate methods and assumptions. The methods used for measuring the fair value of financial instruments are presented in Note 4.15.

In addition to the above, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 31 – Measurement of define benefit obligations – key actuarial assumptions

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at 31 December 2024. Significant actuarial assumptions for the determination of the present value of future payments for retirement benefits and jubilee awards are discount rate, expected salary increase and employee fluctuation rate. Sensitivity analysis for these factors and potential impact on the Group's consolidated financial statements are presented in the Note 31. As disclosed in the aforementioned note, change of discount rate and fluctuation rate by 1 pp (increase) would decrease the Group's liabilities in the range from RSD 2,008,614 thousand to RSD 2,147,982 thousand. The opposite change (decrease by 1pp), would increase the Group's outstanding liabilities in the range from RSD 2,363,986 thousand to RSD 2,499,040 thousand. Change of 1pp (increase) in the increase of salaries would increase the Group's outstanding liability by RSD 2,335,887 thousand. Conversely, a 1 pp decrease would reduce the Group's outstanding liability by RSD 2,022,244 thousand. This impact is based on assumptions and data used in remeasuring these liabilities as at 31 December 2024. The Group estimates that expected sensitivity range as at 31 December 2025 would not be material different from the estimated range as at 31 December 2024.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS (continued)

2.6 Use of estimates and judgements (continued)

- Notes 4.13, 29 and 40 – Provisions

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Generally, provisions are highly judgmental. The Group estimates the likelihood of unfavourable events happening as a result of past events and assesses the amount necessary to settle such liability. Although the Group acts prudently in making such estimates, given the great extent of uncertainty, in certain cases actual results may depart from these assessments.

Management makes provision for the future costs of re-cultivation and restoration of land and other real estate to their original condition after the end of the exploitation in accordance with the Law on Environmental Protection. Estimating future costs is complex and requires management to make estimates and judgments with respect to re-cultivation and restoration obligations that will occur many years in the future.

Changes in the measurement of existing obligations can result from changes in estimated timing, future costs or discount rates used in valuation.

The amount recognised as environmental restoration provision (Note 29) is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation and is also subject to change because of revisions and changes in laws and regulations and their interpretation. As a result of the subjectivity of these provisions there is uncertainty regarding both the amount and estimated timing of such costs.

Provisions for environmental restoration relate to provisions:

- for final land recultivation of the slag and ash dump sites for the thermal power plants of Kostolac and Nikola Tesla. A change in key assumptions, provided that other parameters remained unchanged, would have the following effects on the present value of future expected payments: if the discount rate were increased by 1%, the amount of provision would be reduced by RSD 1,080,214 thousand (in the case of a decrease of 1%, the amount of the provision would be increased by RSD 1,225,983 thousand). If the lifetime of the landfill were extended by one year, the provision amount would decrease by RSD 340,820 thousand (in the case of a reduction in the lifetime of the landfill, the provision amount would increase by RSD 311,034 thousand). If the costs of future expected payments for each of the landfills were to increase by RSD 100,000 thousand, the amount of the provision would increase by 1,657,999 thousand dinars (in the case of a decrease of 100,000 thousand dinars, the amount of the provision would decrease by RSD 1,657,999 thousand).
- for final recultivation of land on which open-pit mines “Drmno” for thermal power plants of Kostolac, and open-pit mines “Polje C”, “Polje G”, and “Polje E” in RB Kolubara. A change in key assumptions, provided that other parameters remained unchanged, would have the following effects on the present value of future expected payments: if the discount rate were increased by 1%, the amount of provision would be reduced by RSD 116,043 thousand (in the case of a decrease of 1%, the amount of the provision would be increased by RSD 144,439 thousand). If the lifetime of open-pit mines were extended by one year, the provision amount would decrease by RSD 28,400 thousand (in the case of a reduction in the lifetime of open-pit mines, the provision amount would increase by RSD 29,659 thousand). If the costs of future expected payments for each of open-pit mines were to increase by RSD 100,000 thousand, the amount of the provision would increase by 256,902 thousand dinars (in the case of a decrease of 100,000 thousand dinars, the amount of the provision would decrease by RSD 256,902 thousand).

The Group does not believe that any of litigations pending at 31 December 2024 will have material adverse impact on its financial position in the next financial year.

The Group is exposed to contingent liabilities amounting to a maximum potential payment of RSD 8,918,425 thousand (31 December 2023: RSD 486,517 thousand) representing potential litigations.

- Note 4.17 – Determining the fair value of property plant and equipment.

Some of the Group’s items of property, plant and equipment (Note 4.11) are measured at fair value for financial reporting purposes. In estimating the fair value of those items, the Group uses market-observable data to the extent it is available and the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of an items of property, plant and equipment are disclosed in Note 19.

3. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2024. These new standards, amendments and interpretations are not mandatory for 31 December 2024 reporting period and accordingly, have not been early adopted by the Group.

On the date of issue of these financial statements the following standards, their amendments and interpretations were issued, but were not yet in effect:

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025);
- IFRS 18 *Presentation and disclosures in Financial statements* - (Applicable to annual reporting periods beginning on or after 1 January 2027);
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* - (Applicable to annual reporting periods beginning on or after 1 January 2027);
- Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 (Applicable to annual reporting periods beginning on or after 1 January 2025);
- Annual improvements to IFRS accounting standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - (Applicable to annual reporting periods beginning on or after 1 January 2026);
- Classification and measurement of financial instruments - classification of financial assets with ESG linked featured (Amendments to IFRS 9 and IFRS 7 applicable to annual reporting periods beginning on or after 1 January 2026).
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* - Sale or transfer of funds free of charge between the investor and its associate or joint venture (available for optional adoption/ effective date deferred indefinitely);

The above mentioned new and amended standards are not expected to have a significant impact on the Company's financial statements.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except if mentioned otherwise.

4.1 Revenue from contracts with customers

The Group is primarily involved in the business of production, supply and distribution of electricity to various types of final customers. In addition, the Group also generates revenues from the sale of coal, heat energy, other products as well as from rendering services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except in the case of Public Media Service tax where the Group acts in the capacity of an agent.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of related goods. Normal credit terms are applied, usual credit term is 30 days or less, upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.1 Revenue from contracts with customers (continued)

Significant financing component

Generally, the Group might receive short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Costs of obtaining a contract

The Group has elected to make use of the practical expedients for contract costs incurred related to contracts with an amortization period of less than one year. These costs are expensed as incurred.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Discounts

The Group provides on and off invoice rebates and discounts to customers. Rebates are treated as a variable consideration and individually estimated at contract inception and re-estimated on sales occurrence. Rebates are accrued at each reporting period-end.

Sales taxes

Revenue does not amount collected on behalf of tax authorities – value added taxes (VAT), excise duties and other sales taxes (fee for improvement of energy efficiency).

Excise duties on sold electricity is imposed by the Law on changes and amendments to the Law on excise duties effective from 1 August 2015. Excise duty is calculated on sold electricity for final consumption at tax rate of 7.5%. The excise duty taxpayer is electricity supplier. The basis for the calculation of excise duty on electricity is the price of electricity, i.e. the total calculated amount from the bill which includes all costs directly related to the delivered electricity, including costs that do not depend on electricity consumption, as well as incentive fees for privileged electricity producers (Ad valorem excise tax). The basis for the calculation of excise duty does not include the amount of discounts granted to end customers. The excise duty taxpayer is obliged to pay the calculated excise tax in the period for submitting the tax return, i.e. no later than 15 days after the end of the calendar month in which the reading of electricity consumption was performed.

The accounting for excise duties is based on the Group’s assessment whether it is primarily obligated for payment of excise duties or whether it collects the amount from the customer on behalf of the tax authorities. Based on the performed assessment, excise duties incurred in supply of electricity are assessed as part of amounts collected on behalf of tax authorities and are accounted on a net basis.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.2 Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

When the Group receives non-monetary grant, the asset and the grant are measured at initial recognition at the fair value of received non-monetary assets.

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

4.3 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income,
- interest expense,
- the foreign currency gain or loss on financial assets and financial liabilities, and
- other finance income and costs.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other cost that the Group incurs in connection with the borrowing of funds.

4.5 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

4.6 Maintenance and Repairs

Costs of maintenance and repairs of property, plant and equipment that do not represent significant improvements are expensed as incurred.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.7 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

In accordance with the regulations prevailing on a local level, the Group has an obligation to pay tax and contributions to various state social security funds.

These obligations involve the payment of contributions on behalf of the employees and employer in the amounts calculated by applying the specific, legally prescribed rates. The Group is also legally obligated to withhold contributions from gross salaries to employees and on their behalf to transfer the withheld portions directly to the appropriate government funds. The Group has no legal obligation to pay further benefits due to its employees by the pension funds upon their retirement. Tax and contributions payable on behalf of the employees and employer are charged to expenses as incurred.

Accumulating compensated absences may be carried forward and used in future periods if the current period's entitlement has not been fully used. The expected cost of accumulated compensated absences is recognized in the amount that is expected to be paid as a result of the unused entitlement that has accumulated as of the reporting date. In the instance of non-accumulating compensated absences, no liability or expense is recognized until the time of the absence.

Retirement Benefits and Jubilee Anniversary Awards

Pursuant to collective agreements, other internal acts and local laws, the Group is obligated to pay retirement benefits and jubilee awards to its employees under the following conditions:

- retirement benefits to employees, amounting to six monthly salaries that would be earned in the month preceding the month in which retirement benefits are paid, or six average salaries paid by the Group entity, or in the amount prescribed by the law (if that is more favourable for the employee) and
- jubilee awards for 10, 20, 30, 35 and 40 years of service within the Group, amounting from one to four paid average salaries to the employer for the previous twelve months.

The Group recognizes long-term liabilities for retirement benefits and jubilee awards by discounting expected future payments to its present value, based on the actuarial calculation by using the projected unit credit method. Jubilee awards are treated as other long-term employee benefits.

The Group recognises actuarial gains and losses in the period in which they occur in full in other comprehensive income with respect to the retirement benefits. Remeasurement of the retirement benefits recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

When those benefits are changed or when are curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of benefits when the settlement occurs.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

For termination benefits in terms of voluntary redundancies the time when the Group can no longer withdraw the offer of termination benefits is the earlier of (a) when the employee accepts the offer; and (b) when a restriction on the Group ability to withdraw the offer takes effects. For termination benefits payable as a result of the Group's decision to terminate employment, the Group can no longer withdraw the offer when the Group has communicated to the affected employees a plan of termination.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.8 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* since the Group does not consider such amounts to be an income tax.

Current income tax

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Current income tax is calculated and paid in accordance with the relevant local laws on corporate income tax and applicable by-laws. In the Republic of Serbia income tax is payable at the prescribed rate of 15%, while applicable income tax rates in the Republic of Slovenia and Republic of Srpska are set at 22% and 10%, respectively. Prescribed tax rate is applied on the tax base reported in the corporate income tax return and can be reduced by any applicable available tax credits.

The tax base presented in the tax return comprises profit as presented in the profit or loss and any adjustments as defined by local tax regulations.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred income tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.9 Other Taxes, Contributions and Other Duties

Other taxes, contributions and other duties include property taxes and various other taxes and contributions paid pursuant to local national and municipal tax regulations. These taxes relate to the property tax, water usage fee, environmental protection fee and other similar items.

Withholding tax is applicable to the payment of interest, dividends, royalties, services and rent provided to the non-residents. Withholding tax rates vary between 20% and exemption (between 15% and exemption in the Republic of Slovenia) depending on whether a Double tax treaty agreement is in place and whether it provides certain tax exemptions.

These other taxes and contributions are included within other operating expenses.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.10 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are stated at cost less accumulated amortization and any impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. The cost of separable acquired intangible asset comprises of its purchase price including any related duties and non-refundable purchase taxes after deducting discounts and rebates, as well as all other directly attributable costs of bringing to asset to working condition for their intended use.

Research costs are recognized as an expense as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives for current and comparative periods for major classes of intangible assets are as follows:

Asset	Useful life	Rate (%)
Licences and other rights	5 years	20%
Software	5 years	20%
Other intangible assets	5 years	20%

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4.11 Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. The cost comprises of its purchase price including any duties and non-refundable purchase taxes after deducting discounts and rebates, as well as all other directly attributable costs of bringing the asset to working condition for their intended use. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Major spare parts are recognized as part of the property, plant and equipment when:

- they are expected to be used for longer than 1 year
- they are only used as part of the specific fixed asset
- it is probable that the future economic benefits associated with those strategic spare parts will flow to the entity, and
- the purchase cost/price of those spare parts can be reliably measured.

Subsequent to initial measurement, items of property, plant and equipment for conducting energy activities, except for the construction in progress, are stated at revalued amount being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.11 Property, plant and equipment (continued)

Also, items of property, plant and equipment of subsidiary companies whose registered predominant commercial activity is not energy activity, after initial measurement are stated at revalued amount, if it is used for performing activity indicated in the articles of association of subsidiaries. Subsequent revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized. The whole amount of revaluation surplus is transferred to retained earnings when the asset is retired or disposed.

Depreciation is calculated to write off the cost or fair value of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The accumulated depreciation at the date of the revaluation is adjusted through the proportionate restatement of the gross carrying amount in a manner that is consistent with the revaluation of the carrying amount of the asset.

Exceptionally, coal mine fields in production units “Rudarski basen Kolubara” and “Termoelektrane i kopovi Kostolac” are depreciated using the unit-of-production method. Unit-of-production rates are based on proved developed reserves, which are coal reserves estimated to be recovered from existing facilities using current operating methods.

Depreciation rates used for major classes of property, plant and equipment are as follows:

Asset	Rate (%)
Thermal power plants buildings	1.25% - 20.00%
Hydro power plants buildings	0.89% - 5.15%
Coal mine buildings	1.06% - 20.00%
Commercial buildings	0.65% - 3.09%
Other buildings including investment properties	0.91% - 6.67%
Thermal power plants equipment	1.35% - 20.00%
Hydro power plants equipment	0.14% - 20.00%
Coal mine equipment	2.04% - 20.00%
Transportation vehicles	0.11% - 16.67%
Equipment for decoration and maintenance of office and other premises	10.00% - 20.00%
Other equipment	12.50% - 20.00%

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal of an item of property, plant and equipment are recognized within other operating income or expenses in profit or loss. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

4.12 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes the cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw material inventories and merchandize is determined based on the weighted-average method.

Slow-moving and obsolete inventories are provided for based on inventory turnover ratios and management’s best judgments regarding future usage plans of inventories.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation, and it is probable that an outflow of economic benefits can be estimated reliably will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow or resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are only used for expenditures for the provision was previously recognized.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Environmental provisions

Provision for environmental obligations is recognised when there is either a legal or constructive obligations to restore a site, the damage has already incurred, it is probable that a restoration expense will be incurred and the costs can be estimated reliably.

Litigations

Provisions for legal proceedings represent the management's best estimate of the expenditures required to settle such obligations at the end of the reporting period for proceedings estimated to have a negative outcome to the Group.

4.14 Financial instruments

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value plus any directly attributable transaction costs of acquisition or issue of the financial asset or financial liability (except for financial assets and financial liabilities at fair value through profit or loss).

Financial assets and financial liabilities are recognized on the date upon which the Group becomes counterparty to the contractual provisions of a specific financial instrument.

Derecognition of financial assets and financial liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial asset is derecognized when it is written-off. Also, derecognition of financial asset will occur if subsequent changes of contractual terms of financial assets arisen, leading to significant modification of financial asset's cash flows.

A financial liability is derecognized when the obligation under the liability is satisfied, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, while the difference in the respective carrying amounts is recognized in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.14 Financial instruments (continued)

IFRS 9 states specific guidelines for accounting of financial instruments when modification of a financial instrument which is not measured at fair value through profit or loss does not have as consequence derecognition of the instrument. According to IFRS 9, the Group recalculates the gross carrying amount of financial asset (or amortized amount of financial liabilities) through discounting of modified contractual cash flows by using original effective interest rate and recognizes consequential modifications as profit or loss on the basis of modifications in profit or loss. According to IAS 39, the Group does not recognize any profit or loss on the basis of modifications of profit or loss for financial liabilities and financial assets which do not have extraordinary circumstances and which do not result in their derecognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Classification and subsequent measurement

Non-derivative financial assets

IFRS 9 contains three principal classification categories for financial assets:

1. Financial assets measured at amortized value (AV),
2. Financial assets measured at fair value through other comprehensive income (FVOCI), and
3. Financial assets measured at fair value through profit and loss (FTVPL).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FTVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified fates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at cost at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at FTVPL:

- Asset is held within a business model whose objective is achieved by both to collecting contractual cash flows and selling financial assets, and
- Its contractual terms give rise on specified fates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Accumulated profit of losses recognized in OCI are transferred to retained earnings at derecognition of investment.

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes financial assets which are held for trade and which are managed and whose performance is evaluated on a fair value basis. Additionally, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at financial asset measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial asset is classified in one of these categories at initial recognition.

Financial assets are reclassified only when the Group changes business model which affects that asset, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.14 Financial instruments (continued)

Business model assessment

Business model is assessed with aim to determine if financial asset with SPPI cash flows is classified at amortized value or at fair value through other comprehensive income. Business model determines if cash flows are created from collecting of contractual cash flows, sell of financial asset or in both ways.

The Group makes an assessment of the objective of a business model in which an financial asset is held at a group level, because this better reflects the way the business is managed and information is provided to management.

The information considered includes:

- The stated policies and objectives for the portfolio and operation of these policies in practice, including focus of management strategy;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity and whether the activity of sales and collection of contractual cash flows is integral or intermediate part of business model (business model "held to collect" vs "held to collect and sell").

The Group defined following classes for which it determined business model:

1. *Account receivables and other receivables*- Business model is *"held to collect".* Business strategy for this group of financial instruments is generating of cash flows through collection of principal amount and interest through expected life of the financial instrument, where the Group did not sell the receivables in the past.
2. *Listed debt securities*- Business model is *"held to collect and sell".* Business strategy for this group of financial instruments is holding to maturity with possibility to sell the instrument in case of liquidity needs.
3. *Cash and cash equivalents*- Business model is *"held to collect".* Cash and cash equivalents are financial instruments in the bank accounts which are used for day-to-day payments.
4. *Short term and other long term financial instruments*- Business model is *"held to collect"*. Business strategy for this group of financial instruments is generating of cash flows through collection of principal amount and interest through expected life of the financial instrument, where the Group did not sell the receivables in the past.

Assessment whether contractual cash flows are SPPI

If a financial asset belongs to business model "held to collect" or "held to collect or sell", the entity estimates if cash flows generated from the financial asset meet SPPI criteria, i.e. if contract terms of financial asset generate cash flows on a specific dates which are solely payments of principal and interest.

- Principal is defined as the fair value of the financial asset on initial recognition.
- Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for the other basic lending risks (e.g. liquidity risk, administrative costs), as well as profit margin.

In assessing whether contractual cash flows are solely payment of principal and interest (SPPI), the Group considers the contractual terms of the instrument and analyses if they contain contractual terms that could change the timing or amount of contractual cash flows, resulting in a way that will not meet this criteria.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value. Subsequent measurement of financial liabilities depends on their classification on initial recognition. Financial liabilities are classified either as financial liabilities measured at fair value through profit and loss or as other financial liabilities.

The Group did not state any financial liability as financial liability measured at fair value through profit and loss, and currently does not have such intention.

The liability is classified as short-term if it is expected to be settled within the ordinary cycle of the Group's operations, if liability is primarily held for trade, if liability is to be settled within twelve months from the reporting date, and the Group has no unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All the other liabilities are classified as long-term.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.14 Financial instruments (continued)

Other financial liabilities

Other financial liabilities (including loans and borrowings, trade payables and other liabilities) are subsequently measured at amortized cost using the effective interest method.

Effective interest method is method of calculating of amortized cost of a financial asset or liability and of allocating of interest revenues or expenses over the relevant period of time. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

4.15 Impairment of financial assets

The Group recognises loss allowances for “expected credit loss” (ECL) on financial assets measured at amortized costs, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

According to IFRS 9, loss allowance is measured on either of the following bases:

- 12-month ECLs - these are ECLs that result from possible default events within the 12 months after the reporting date, and
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of “investment grade”; and
- Other debt instruments (debt securities, bank accounts) for which credit risk has not increased significantly since initial recognition.

Loss allowance of lifetime ECLs is applied when the credit risk of financial asset has increased significantly since initial recognition at the reporting date, while 12-month ECLs are applied when significant increase did not occur. However, loss allowances for trade receivables and contract assets without significant financing component are always measured at an amount equal to lifetime ECLs (*simplified approach*). The Group will apply the same policy for measurement of loss allowances for trade receivables and contract assets with significant financing component, if there are any.

The requirements for loss allowances in IFRS 9 are complex and they require judgment of management, estimates and assumptions, especially with regard to the following:

- determining whether the credit risk of financial asset has increased significantly since initial recognition; and
- Including forward looking information in estimating ECLs.

According to IFRS 9, the Group includes forward-looking information in estimating ECLs. The Group assesses future movements of relevant economic indicators based on “baseline scenario” and representative range of other possible projected scenarios based on various possible external and projected information. External information can include economic data and projections made by state authorities and monetary institutions in country and extra-national organizations, like IMF, and selected sources from private sector and academic projections. The Group analyses key credit risk and credit losses initiators for each portfolio of financial instruments, and by using historical data, it estimates relation between macroeconomic variables and credit risks and losses. Key indicators include projected GDP, unemployment rate, reference interest rate, etc.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.15 Impairment of financial assets (continued)

Trade receivables and other receivables

IFRS 9 allows using of practical facilitations when estimating ECLs through use of an allowance matrix based on historical experience of credit losses, adjusted for information about present circumstances and for reasonable projections of future economic conditions.

The ECL model is based on the real experience of credit losses over a representative period in the past. The Group calculates loss allowances of trade receivables, other receivables and sub-segments segmented on the basis of common credit risk characteristics such as credit risk level, geographical region, delay status, etc. The Group uses historical data of delinquency status and actual credit loss experience over the previous year in order to calculate loss rates. The Group considers that used historical data faithfully predict the risk of loss for the remaining lives of trade receivables given that the economic conditions over the expect lives of receivables have not significantly changed.

Receivables for supplied electricity

Expected credit losses for receivables for supplied electricity are recognized and measured according to the simplified approach. The simplified approach allows recognition of lifetime expected credit losses without the need to identify significant increases in credit risk. Simplified approach is applied by use of allowance (provision) matrix. The approach is based on the allowance (provision) matrix, whereas loss rates have been calculated by historical losses. Loss rates for supplied electricity (delivered to households, legal entities, qualified customers, licensed customers, entities under restructuring and in bankruptcy) are assessed through the following categories of customers:

- Households and small customers (subsegments formed based on geographical area: Beograd, Novi Sad, Kragujevac, Kraljevo and Nis),
- Commercial customers,
- Customers on last resort supply.

Other by-side receivables in connection with delivered electricity (receivables for Public Media services tax, interest and other receivables directly related to the electricity receivables) are assessed for impairment together with core receivables for delivered electricity.

Exceptionally, outstanding receivables due from the entities under restructuring, bankruptcy or liquidation, may be assessed for impairment on individual rather than on a collective basis, irrespective of the amount of due outstanding receivables.

Other receivables and receivables from related parties

The general approach has been applied for the assessment of impartment of other and related party receivables i.e. all other receivables which are not covered by the simplified approach. Under the general approach, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised. Short maturities of these receivables provide the basis for application of 12-month expected credit losses.

As at 31 December 2024 and 31 December 2023 the effects of calculated impairment loss for these receivables were assessed as immaterial, and accordingly, mainly were not recognized in the accompanying financial statements.

Cash and cash equivalents

Cash and cash equivalents are held with domestic banks and financial institutions which are rated to Ba2, according to Moody’s credit ranking as at 31 December 2024.

Impairment of cash and cash equivalents has been measured on 12-month expected loss basis and reflects the short maturities of the exposures.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.15 Impairment of financial assets (continued)

Short-term and other long-term financial instruments

The largest part of this position relates to short-term guarantee deposits with banks.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for deposits, based on Moody's credit rating. Estimated impairment is calculated on the basis of 12-month expected losses and losses given default (LGD) of 45%.

For all banks that do not have an external credit rating (Fitch, S&P, Moody's), the Group uses ratings for the Group it belongs or for countries it operates within.

4.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Intangible assets and intangible assets not yet available for use are assessed for impairment annually, irrespective of whether there is any indication of impairment. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets or CGU.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss for an individual asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. To the extent that an impairment loss on revalued asset was previously recognized in profit or loss, a reversal of that impairment loss is also recognized in profit or loss.

A reversal of impairment loss for a CGU is allocated to the assets of the CGU on a pro rata basis with the carrying amounts of those assets. The carrying amount of an asset is not increased above the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods. The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of CGU.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

Certain Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 4.15 and 4.16).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4. MATERIAL ACCOUNTING POLICIES (continued)

4.17 Fair value measurement (continued)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue streams

The Group generates revenues primarily from the sale of electricity and related services. Other sources of revenues include sale of products, rendering of services and other revenues. In the following table, revenue from contracts with customers is disaggregated by major revenue streams:

In RSD 000	**2024**	**2023**
Sales of electricity	415,952,204	425,267,247
Sales to “Elektromreža Srbije” a.d., Beograd **(a)**	20,950,857	23,856,093
Sales of products	5,161,802	5,261,822
Sales of services **(b)**	114,333	2,286,464
Other **(c)**	451,254	425,865
Total	**442,630,450**	**457,097,491**

(a) Sales to “Elektromreža Srbije” a.d., Beograd (hereinafter: “EMS a.d., Beograd”) in the amount of RSD 20,950,857 thousand (2023: RSD 23,856,093 thousand) relate to the sales of electricity to the domestic power transmission company in charge for transmission of electricity, managing the transmission system and interconnection to the power systems of neighbouring countries and development of the local electricity market including its integration in the regional and European electricity market, where the decrease in income in the reporting period compared to 2023 is mostly due to the lower supply of electricity related to energy balance responsibility. The Group has entered into several agreements with EMS with respect to the sale of electrical power to EMS for the purposes of balancing the regulation area of the Republic of Serbia or securing sufficient amount of tertiary reserve.

(b) Sales of services in the amount of RSD 2,286,464 thousand in 2023, mostly in the amount of RSD 2,269,640 thousand relate to income from sale of guarantees of origin. Namely, based on the Law on the Use of Renewable Energy Sources, EMS a.d., Beograd, as the transmission system operator, was assigned the role of the body for issuing guarantees of origin in Serbia and the role of the operator of the registry of guarantees of origin. As a result, the Group recognized income in the amount of RSD 1,513,359 thousand which relate to income from the sale of guarantees of origin to customers abroad, while RSD 756,281 thousand is income from sales of guarantees of origin to customers on the domestic market. In 2024 the Company did not contract the sale and transmission of guarantees of origin for produced electricity due to the drastic drop in prices, and did not recognize any related income.

(c) Other revenues mostly refer to the Public Media Service fee in the amount of RSD 373,531 thousand (2023: RSD 380,917 thousand). Namely, the Parent Company and the Public Media Institution “Radio Television Serbia” and the Public Media Institution “Radio Television Vojvodina” had concluded an agreement that regulates activities in applying the Law on Temporary Regulation of Public Media Service Fee Collection (Off. Gazette of RS no. 112/2015, 108/2016, 153/2020, 129/2021, 142/2022, 92/2023 and 64/2024), which specifies that in calculating and collecting for electricity supply the Parent Company shall charge to customers the aforesaid fee, in return for compensation of 3% of cash funds transferred to public media institutions. According to the latest amendments to this Law, collection of the public media service fee shall continue until 31 December 2025, with the fee amount in the reporting period being RSD 349 (2023: RSD 299).

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenues from contracts with customers

Electricity

Sales of electricity relates to the following service lines:

In RSD 000	2024	2023
Sales on domestic market:		
- Sales of electricity to households **(a)**	133,873,540	118,044,194
- Sales of electricity to customers on fee energy market **(a)**	255,529,816	267,019,840
- Sales of electricity to third parties (industry) **(a)**	15,610,258	14,898,397
- Sales of electricity to licensed customers **(a)**	574,586	1,292,094
- Sales of electricity on stock exchange **(b)**	3,428,742	8,700,168
- Sales of electricity to PE “Elektrokosmet”, Priština **(c)**	-	394,976
	409,016,942	**410,349,669**
Sales of electricity on foreign market **(d)**	6,935,262	14,917,578
Total	**415,952,204**	**425,267,247**

(a) Income from sales of electricity is recognised on the basis of the sales made to the end customers - residents of the Republic of Serbia. Sales of electricity is realized to the following customers:

- households and small customers, who are entitled to guaranteed supply at regulated prices;
- commercial customers who are not entitled to guaranteed supply and who purchase electricity from select supplier under the market condition;
- customers on last resort supply who are not entitled to guaranteed supply and who failed to select supplier of electricity from which they we will purchase under the market condition.
- customers at guaranteed supply are legal entities and individuals, category of “broad consumption” and “low” voltage. The Energy Law prescribed that the electricity prices for guaranteed supply are regulated based on methodology issued by Energy Agency of the Republic of Serbia.

(b) The Group is also involved in electricity trading at the local stock exchange “SEEPEX” which started with operations in February 2016. SEEPEX a.d. Beograd is a licensed operator on the organized electricity market formed based on the partnership between the enterprise “EMS” a.d. Beograd and EPEKS SPOT, as a shareholding company. The aim of SEEPEX is to ensure a transparent and reliable mechanism of forming the wholesale electricity market price by comparing the supplies and demands at fair and transparent price and to enable all transactions made at SEEPEX to be delivered and paid.

(c) According to the Conclusion of the Government of the Republic of Serbia No. 021-6624 / 2009-002 as of 30 November 2009, the Group engaged its capacities to provide electricity for the northern part of Kosovo and Metohija on the basis of which revenues were recognized in 2023 in the amount of RSD 394,976 thousand while in 2024 no revenue was recognized on that basis.

(d) Sales of electricity on the foreign market primarily relate to the sale of electricity on electricity stock exchanges (HUPX, CROPEX, BSP SouthPool) in the amount of RSD 6,887,240 thousand and to the sale of electricity to the company Mješoviti holding Elektroprivreda Republike Srpske (Bosnia & Hercegovina) in the amount of RSD 48,022 thousand.

Products

Revenues earned in sales of products relate to the following:

In RSD 000	2024	2023
Sales of coal	2,016,451	2,239,774
Sales of heat energy	2,524,574	2,443,994
Sales of technological steam and gas	111,823	111,860
Sales of other products	508,954	466,194
Total	**5,161,802**	**5,261,822**

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenues from contracts with customers (continued)

Revenue from sales of products relates to sale of coal, heat energy, products, technological steam and gas on the domestic and foreign markets. Sales of coal in the amount of RSD 2,016,451 thousand (2023: RSD 2,239,774 thousand) relate to delivered coal to third parties by the Branches RB Kolubara and TPP Kostolac.

Revenues from the sale of heat energy primarily relate to delivered thermal energy to local municipalities produced by production unit “TETO Panonske” in the amount of RSD 2,162,838 thousand (2023: RSD 2,106,775 thousand).

Revenues from the sales of other products reported in 2024 amounted to RSD 508,954 thousand primarily relate to the sale of lime, in the amount of RSD 169,173 thousand (2023: RSD 166,751 thousand), and to the sale of clay, in the amount of RSD 106,863 thousand (2023: RSD 109,562 thousand), to third parties.

Geographical region

In the following table, revenue from contracts with customers is disaggregated by customer’s location:

In RSD 000	2024	2023
Serbia	437,195,818	442,179,913
Slovenia	5,386,610	14,834,183
Republic of Srpska (Bosnia and Herzegovina)	48,022	83,395
Total	**442,630,450**	**457,097,491**

Timing of revenue recognition

Timing of revenue recognition is presented in the table below:

In RSD 000	2024	2023
Products and services transferred at a point in time		
Sales of electricity:		
- Sales of electricity on stock exchange	3,428,742	8,700,168
- Sales of electricity on foreign market	6,887,240	14,834,183
Sales of products:		
- Sales of coal	2,016,451	2,239,774
- Sales of other products	508,954	466,194
	12,841,387	**26,240,319**
Products and services transferred over time		
Sales of electricity:		
- Sales of electricity to households	133,873,540	118,044,194
- Sales of electricity to qualified customers	255,528,523	267,011,667
- Sales of electricity to third parties (industry)	15,610,258	14,898,397
- Sales of electricity to licensed customers	574,586	1,292,094
- Sales of electricity to PE “Elektrokosmet”, Priština	-	394,976
- Sales of electricity on foreign market	48,022	83,395
Sales of products:		
- Sales of heat energy	2,524,574	2,443,994
- Sales of technological steam and gas	111,823	111,860
Sales of services	115,626	2,294,637
Sales to “EMS” a.d., Beograd	20,950,857	23,856,093
Other	451,254	425,865
	429,789,063	**430,857,172**
Total	**442,630,450**	**457,097,491**

Recognition of revenues for performance obligations that the Group satisfies over time is mainly based on the application of output methods based on units delivered.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Performance obligations

The following table provides information about the nature and timing of the satisfaction of performance obligations for the key selected revenue streams:

Type of sale	Nature and timing of satisfaction of performance obligations	Revenue recognition
Sale of electricity to customers on guaranteed, commercial, and last resort supply	These contracts with customers relate to the sale of electricity to customers on guaranteed, commercial and last resort supply in accordance with the Energy Law and other applicable regulations. Contracts with customers for guaranteed supply are concluded for an indefinite period of time, such that the customer is entitled to terminate the contract at any time without early contract termination penalties, where the contract period is a single reporting period invoiced to the customer. Contracts with customers for commercial supply are concluded for a finite period of time, however according to the Rules for Change of Supplier (enacted by the regulatory body “Energy Agency of the Republic of Serbia”) the customer is entitled to terminate the contract at any time without payment of early contract termination penalties, where the contract period is a single reporting period invoiced to the customer. Contracts on last resort supply are concluded for a finite period of time. In accordance with the Energy Law, the supplier of last resort may provide electricity maximum of 60 days. Invoices are issued according to the contractual terms on a monthly basis and are usually payable within 15 to 30 days. Contracts contain only one performance obligation - delivery of electricity for a defined period of time.	Revenue from sale of electricity is recognized over time.
Sale of electricity on stock exchange operations	The Group generates revenues from stock exchange operations. Each individual order constitutes a contract. The Group holds that on this basis each delivery of electricity based on a specific order constitutes fulfilment of contract performance obligation. Invoices are issued on a monthly basis with the payment terms of 5 to 7 days. Contracts contain only one performance obligation - delivery of electricity at a point in time.	Revenue is recognised at a point in time i.e. on an one-off basis upon delivery of electricity.
Sales of electricity to “EMS” a.d., Beograd	The subject of contract is the delivery of a particular quantity of energy for a defined period at a fixed unit price. Accordingly, the contract contains only one performance obligation - delivery of electricity for a defined period of time. Invoices are issued on a monthly basis with the payment terms of 15 to 30 days.	Revenues is recognised over time.
Sale and supply of energy from renewable sources that has a guarantee of origin	The subject of contract is the delivery of energy from renewable sources that has a guarantee of origin. Every single guarantee of origin from renewable sources represents one contract. Therefore contract contains only one contract obligation – energy supply over a defined period of time.	Sale and supply of energy from renewable sources that has a guarantee of origin is recognised at a point in time as invoiced to customers
Sale of coal and other products	Each individual order will constitute a contract. The Group holds that on this basis each supply of goods or provision of services based on a specific order will constitute fulfilment of contract performance obligation. Invoices are issued when the goods are dispatched or on a monthly basis, depending on the type of product and customer. Payment terms varies depending on the contractual terms and condition, however, in general payment term are within 30 days or less. Contracts contain only one performance obligation.	Revenue is recognised at a point in time as invoiced to customers (i.e. when control has passed to customers).
Sale of heat energy, technological steam and gas	Each individual order will constitute a contract. The Group holds that on this basis each supply of goods or provision of services based on a specific order will constitute fulfilment of contract performance obligation. Invoices are issued when the goods are dispatched or monthly, depending on the type of product and customer. Invoices for heat energy, technology steam and gas are issued monthly with a maturity of payment within 15 to 60 days. Contracts contain only one performance obligation.	Revenue is recognised over time.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

In RSD 000	Note	31 December 2024	31 December 2023
Receivables, which are included in “trade and other receivable”		92,279,418	93,077,054
Receivables, which are included in “other long-term financial assets”		15	-
Receivables, which are included in “short-term financial assets”		46,805	73,352
Contract assets		966	981
Contract liabilities	34	3,266,398	2,611,337

6. INTEREST INCOME

In RSD 000	2024	2023
Interest income from trade receivables for sold electricity	6,293,212	5,793,617
Interest income from public media service tax	683,991	660,811
Total	**6,977,203**	**6,454,428**

Interest revenue with respect to the receivables for sold electricity is recognized in the amount of statutory default interest calculated on outstanding amount of trade receivables.

7. OTHER INCOME

In RSD 000	2024	2023
Income from premiums, subventions, grants and donations	580,474	706,254
Income from insurance indemnities	159,710	365,237
Rent income	334,222	158,951
Incomes from write off of liabilities	548,131	32,633
Gains on disposal of materials, spare parts, intangible assets and PPE	111,042	565
Surpluses	170,164	89,093
Income from reduction of liabilities for environmental protection	190,922	209,204
Income from recharged goods and services	64,352	178,453
Income from recharged costs of private debt collectors	1,025,677	443,091
Other income	1,050,558	36,231,170
Total	**4,235,252**	**38,414,651**

Income from donations, premiums, subsidies and grants in 2024 amounted to RSD 580,474 thousand (2023: RSD 706,254 thousand) out of which the amount of RSD 60,227 thousand (2023: RSD 147,662 thousand) relates to recognized consulting services (studies, analyses) that relate to environmental protection projects for the reconstruction of the electro-filter for TENT A4, B2, TEK A5, which are co-financed by the Ministry for Environmental Protection, where the amount of RSD 200,780 thousand (2023: RSD 351,933 thousand) is recognized as a refund of customs duties on oil derivatives and biofuel that are used in the production process, with the remaining income in the amount of RSD 319,467 thousand (2023: RSD 206,659 thousand) relating to income recognized in the amount of expenditures associated with assets received as donations.

Income from the collection of insurance claims in the amount of RSD 159,710 thousand (2023: RSD 365,237 thousand) are mostly related to income realized in the procedure of collecting damages from “Dunav osiguranje” a.d.o., Belgrade, based on a depositor damaged by a fire in the RB Kolubara Branch.

7. OTHER INCOME (continued)

Other income stated in 2024 in the amount of RSD 1,050,558 thousand mostly relate to income from the sale of secondary raw materials and secondary products generated during maintenance of production facilities intended for the production of electricity in the amount of RSD 461,355 thousand (2023: RSD 747,775 thousand).

Other income stated in 2023 in the amount of RSD 36,231,170 thousand mostly related to income from compensation of damages in the amount of RSD 34,698,000 thousand. Namely, on 24 May 2023, the Company submitted a Request to the Ministry of Mining and Energy of the Republic of Serbia for compensation of damages caused by the limitation of prices of electricity used to compensate losses in the transmission and distribution systems that the Company delivered to companies “EMS” a.d., Beograd and “Elektrodistribucija Srbije“ d.o.o. Beograd in the period from October 2021 to December 2022, and based on the Decision of the Government of the Republic of Serbia number 312-11315/2022 dated 29 December 2022. Based on the aforementioned Request, the Government issued Decision No. 312-4780/2023-1, dated June 1, 2023, based on which the Company recognized other income from compensation of damages.

8. COST OF PURCHASED ELECTRICITY

In RSD 000	**2024**	**2023**
Cost of electricity purchased on domestic market	51,266,698	31,398,356
Cost of access to the distribution system	94,085,220	92,280,481
Cost of transmission of electricity - “EMS” a.d., Beograd	12,311,060	12,043,744
Cost of electricity purchased on foreign market	170,931	563,082
Cost of other energy	79,076	81,786
Total	**157,912,985**	**136,367,449**

Cost of purchased electricity

The Group purchases electricity on domestic market in order to ensure conditions for regular and reliable electricity supply to the tariff customers at the territory of the Republic of Serbia. Electricity is purchased from third parties who have the licence for electricity trading in accordance with the local laws. For the same reasons the Group is also engaged in purchasing electricity on the foreign market.

Of the total costs of electricity procurement, RSD 35,704,893 thousand (2023: RSD 8,168,153 thousand) relates to procurement used for balancing and optimization.

Electricity procurement costs refer to the procurement of electricity:

- from legal entities that hold a license to trade in electricity in the amount of RSD 14,423,357 thousand (2023: RSD 5,546,856 thousand),
- through the SEEPEX stock exchange in the amount of RSD 8,610,628 thousand (2023: RSD 709,608 thousand),
- from Mjesoviti holding “Elektroprivreda Republike Srpske” a.d. Trebinje, in the amount of RSD 170,931 thousand (2023: RSD 563,082 thousand), as well as
- from privileged electricity producers in the amount of RSD 26,289,872 thousand (2023: RSD 25,027,298 thousand).
- from other energy producers in the amount of RSD 1,942,841 thousand.

Cost of access to the distribution system

The costs of access to the distribution system (network fee) in the amount of RSD 94,085,220 (2023: RSD 92,280,481 thousand) are recognized at the transaction price determined by the “Elektrodistribucija Srbije“ d.o.o. Beograd with the consent of the Energy Agency, in accordance with the Energy Law.

Costs of accessing the electricity transmission system

The Group concluded contract with “EMS” a.d., Beograd for accessing and using system for transmission of electricity. For the reporting period, costs incurred in relation with abovementioned transmission of electricity were in the amount of RSD 12,311,060 thousand (2023: RSD 12,043,744 thousand).

9. COST OF MATERIALS

In RSD 000	2024	2023
Cost of material for the maintenance and costs of spare parts	11,728,928	9,429,948
Cost of oil products	11,614,076	11,272,507
Cost of gas used in production	7,669,603	9,959,190
Cost of coal purchased from third parties	34,148,030	44,295,982
Costs of primary materials	1,353,176	1,155,676
Cost of goods sold (COGS)	10,170,048	1,332,383
Office materials	321,709	508,545
Other materials	487,288	700,550
Tools and fittings in use	437,511	505,753
Other	1,041,434	1,027,233
Total	**78,971,803**	**80,187,767**

Costs of spare parts and maintenance material primarily relate to the maintenance of an items of property, plant and equipment.

Cost of oil relate to purchased fuel oil used in production by thermo-power plants and diesel oil used by mines mechanization and equipment.

Costs of gas relate to the purchases of gas for production needs of the Group's gas-power plant for production of electricity and heat energy. Beside electricity production, the Group's gas-power plant also provides heat energy for the local municipalities.

Costs of coal in 2024 reported in the amount of RSD 34,148,030 thousand (2023: RSD 44,295,982 thousand) primarily relate to the costs of externally purchased coal from coal mines in neighboring countries (Romania, Greece, Montenegro, Bosnia & Herzegovina, Republic of Srpska) in the amount of RSD 13,315,558 thousand (2023: RSD 22,476,568 thousand), and from Shen Hua Hong Kong International Trading Ltd in the amount of RSD 18,175,015 thousand (2023: RSD 20,175,675 thousand) and from JP PEU Resavica in the amount of RSD 2,287,041 thousand (2023: RSD 844,225 thousand), as well as the amount of RSD 370,416 thousand (2023: RSD 799,513 thousand) that relates to directly attributable costs of transportation and other handling costs associated with coal purchases.

Cost of goods sold in 2024 reported in the amount of RSD 10,170,048 thousand (2023: RSD 1,332,283 thousand) relates to purchased electricity by subsidiary EPS Trgovanje, Ljubljana, Slovenia on the HUPEX and CROPEX markets. The increase in the cost of goods sold is primarily due to a significant rise in energy procurement, driven mainly by higher demand from primary domestic customers and by reduced electricity production from hydropower plants.

10. WAGES, SALARIES AND OTHER PERSONNEL EXPENSES

In RSD 000	2024	2023
Gross salaries and salary compensation	42,711,150	39,474,745
Taxes and contributions on wages and salaries paid by employer	7,485,265	7,065,815
Other personnel expenses	799,582	1,545,862
Costs of transportation provided to employees	1,263,849	1,183,283
Cost of special service and temporary employment service	-	1,050
Cost of providing assistance to employees	285,295	273,823
Cost of business trips	160,587	112,398
Net employee benefits – retirement benefits and jubilee awards (Note 31)	10,081,047	6,065,422
Fees paid based on other agreements	538,853	503,317
Fees paid to Board members and other management	110,914	65,186
Total	**63,436,542**	**56,290,901**

10. WAGES, SALARIES AND OTHER PERSONNEL EXPENSES (continued)

As disclosed in the Note 4.7, the Group has an obligation to pay tax and contributions to various state social security funds, both on behalf of employer and employee. Contributions on salaries relate to the payment for social, health and pension insurance. Total amount of such contributions attributable to the employer and paid by the Group amounts to RSD 7,485,265 thousand for the year 2024 (2023: RSD 7,065,815 thousand). Gross salaries and salary compensations, in the amount of RSD 42,711,150 for the year 2024 (2023: RSD 39,474,745 thousand), include taxes and contributions on salaries on behalf of employees. For the year ended 31 December 2024 total amount of contribution to mandatory pension fund paid by employee and by employer amounted to RSD 5,888,936 thousand and RSD 5,205,376 thousand, respectively (2023: RSD 5,526,028 thousand and RSD 3,947,167 thousand).

Other personnel expenses stated in the amount of RSD 799,582 thousand mainly refer to the obligations of the Group under the Collective Agreement to provide additional benefits to employees (such as: prevention of labour disability, cultural and sports activities of employees, expenses for providing assistance to employees for medical health care, etc.) which are under the local regulations taxable and for which the Group is obliged to calculate related taxes and contributions and to pay calculated taxes and contributions to appropriate government funds.

11. DEPRECIATION AND AMORTISATION

In RSD 000	2024	2023
Depreciation expense for property, plant and equipment (Note 19)	35,894,421	34,424,171
Amortization expense for intangible assets (Note 20)	2,015,047	2,566,131
Depreciation expense for investment property	918	7,131
Total	**37,910,386**	**36,997,433**

Depreciation of the right-of-use assets, included under *Depreciation expense for property, plant and equipment*, recognized under IFRS 16 for the financial year 2024, amounts to RSD 8,885 thousand (2023: RSD 10,156 thousand).

12. REPAIR AND MAINTENANCE

In RSD 000	2024	2023
Cost of maintenance services provided by third parties	14,020,156	12,436,504
Cost of information system maintenance	1,967,787	1,259,130
Total	**15,987,943**	**13,695,634**

13. IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

In RSD 000	2024	2023
Impairment losses on trade receivables from electricity sales	1,127,066	1,129,797
Impairment losses on other receivables	4,848,768	3,039,012
Reversal of impairment losses on long-term financial investments	(3,234)	(3,516)
Reversal of impairment losses on cash and cash equivalents	(35,062)	-
Total	**5,937,538**	**4,165,293**

Information about changes in the impairment loss allowance during 2024 is included in Note 38.

14. IMPAIRMENT LOSSES ON OTHER CURRENT ASSETS - NET

In RSD 000	2024	2023
Impairment losses on inventories	613,038	987,474
Reversal of impairment losses on advances	(34,432)	(29,068)
Reversal of impairment losses on other assets	(4,666)	(3,138)
Total	**573,940**	**955,268**

15. OTHER OPERATING EXPENSES

In RSD 000	2024	2023
Environmental fee	4,058,138	3,451,542
Salary compensations paid to employees from public entities from Kosovo and Metohija	6,407,552	5,886,048
Production services	8,993,647	8,045,973
Losses on disposal of items of PPE	1,809,788	2,712,556
Other taxes and contributions	918,457	850,285
Services of students and youth associations	2,980,215	2,930,825
Security and industrial safety costs	2,730,407	2,341,650
Water usage charges	2,129,093	2,302,384
Fee for utilization of mineral resources	2,921,048	2,752,533
Legal and advocacy services	2,306,066	1,209,019
Postal services	2,189,272	2,007,804
Insurance costs	1,535,558	1,401,360
Costs of maintenance of administrative and other non-productive facilities	1,338,486	992,134
Property tax	692,814	705,564
Utility costs	642,750	601,780
Intellectual services	611,921	203,607
Membership fees	574,608	419,238
Bank charges	237,616	162,264
Health service costs	178,262	183,090
Fee for use of public resources	2,018	1,739
Student reimbursement cost	41,692	20,347
Entertainment expense	47,018	77,535
Subscription cost	34,827	26,959
Costs of safeguarding property and archival materials	7,413	3,844
Write off and loss on disposal of inventories	98,346	82,665
Sponsorships and donations	86,042	1,010
Shortages	1,822	3,384
Provisions made/(reversed) during the year	535,423	(746,688)
Other expenses **(a)**	11,577,798	8,507,116
Total	**55,688,097**	**47,137,567**

Environmental fee in the amount of RSD 4,058,138 thousand (2023: RSD 3,451,542 thousand) include fees for the emission of sulfur dioxide, nitrogen dioxide and powdery materials in facilities of the Nikola Tesla TPP Branch, in the amount of RSD 2,769,676 thousand (2023: RSD 2,681,851 thousand) and TPP Kostolac in the amount of RSD 1,239,407 thousand (2023: RSD 725,424 thousand).

Production services in 2024 mostly relate to external workers from PROTent d.o.o. engaged in production process. During 2024 there were increase in engaged workers compared to 2023.

Other taxes and contributions in 2024 mostly refer to fees for the use of public areas, occupation of public areas and protection of national parks in the Branches of HPP Djerdap and Drinsko-Limske HPP in the amount of RSD 581,902 thousand.

15. OTHER OPERATING EXPENSES (continued)

(a) Other expenses

Structure of other expenses is presented in the table below:

In RSD 000	2024	2023
Expenses for providing meals to workers at open pit mines	794,659	659,082
Costs of services and assistance in the production process	1,351,476	902,693
Costs of services of analysis, creation of technical and project documentation, workshops and projects	830,404	578,731
Transportation costs	624,255	323,764
Electricity trading brokerage fee	1,219,258	223,460
Costs of financing public purpose facilities	510,263	923,360
Cost of workplace safety	102,542	129,041
Costs of environmental protection	92,594	74,792
Archaeological exploration expenses	98,268	90,800
Advertising costs	81,267	25,284
Costs of scientific research work	29,977	25,790
Rental expenses	1,320,456	784,030
Non - production cost incurred in Branch TENT	1,544,519	2,041,798
Non - production cost incurred in Branch RBK	317,990	335,259
Non - production cost incurred in Branch Djerdap	817,913	621,475
Non - production cost incurred in Branch EPSS	841,892	278,787
Other	999,873	488,970
Total	**11,577,606**	**8,507,116**

16. FINANCE INCOME

In RSD 000	2024	2023
Interest income:		
- short-term financial assets	1,704,370	753,999
- other	558,976	291,074
	2,263,346	**1,045,073**
Foreign exchange gains	2,061,822	5,240,396
Other finance income	39,998	33,438
Total	**4,365,166**	**6,318,907**

Interest income on short-term financial assets in the amount of RSD 1,704,370 thousand relates to the interest earned on free cash deposited with commercial banks in the country (2023: RSD 753,999 thousand).

Foreign exchange gains reported in 2024 in the amount of RSD 2,061,822 thousand (2023: RSD 5,240,396 thousand) in the amount of RSD 730,124 thousand (2023: RSD 4,338,586 thousand), relate to unrealized foreign exchange gains on loans granted by foreign creditors.

During 2023, the value of the dinar remained almost unchanged in relation to the EUR, but that is why the dinar appreciated in 2023 in relation to the YPU by 9.89% and to the USD by 3.89% on an annual basis, which contributed to increase in foreign exchange gains on loans denominated in these currencies in previous year.

17. FINANCE COSTS

In RSD 000	2024	2023
Interest expenses:		
- loans and borrowings	5,411,746	5,027,718
- penalty interest on late payments of public duties	21,218	33,946
- trade payables	129,994	1,043,002
- lease liabilities	701	774
	5,563,659	**6,105,440**
Foreign exchange losses	4,918,511	838,149
Unwinding of discount on provisions for environmental restoration	801,321	1,060,043
Other finance costs	150,371	137,920
Total	**11,433,862**	**8,141,552**

Interest expenses from loans and borrowings reported in 2024 in the amount of RSD 5,411,746 thousand mostly relate to loans and borrowings linked to EURIBOR.

Foreign exchange losses reported in 2024 in the amount of RSD 4,918,511 thousand (2023: RSD 838,149 thousand) primarily, in the amount of RSD 3,459,011 thousand, relate to unrealized foreign exchange gains on loans granted by foreign creditors. The dinar depreciated with respect to the USD by approximately 6.21% per annum, which resulted in an increase in foreign exchange losses, given that a significant portion of loan liabilities is linked to this currency.

Other finance costs in the amount of RSD 150,371 thousand relates to the commitment fees in connection with obtained long-term loans and borrowings in foreign currency (2023: RSD 137,920 thousand).

18. INCOME TAXES

(a) Components of income taxes

In RSD 000	2024	2023
Current income tax expense	11,151,859	17,743,886
Deferred tax benefit	(3,324,717)	(2,032,571)
Total	**7,827,142**	**15,711,315**

(b) Numerical reconciliation of income tax expense/benefit and profit before tax multiplied by the income tax rate

In RSD 000	2024	2023
Profit from continuing operations before tax	28,959,644	125,622,123
Income tax expense/(tax benefit) at domestic rate of 15%	4,343,947	18,843,318
Tax effect of expenses that are not deductible for tax purposes	4,697,326	4,040,945
Tax effects of expenses recognized on a cash basis	(1,003,746)	(856,222)
Tax effect of revenues exempted for tax purposes	(34,289)	(31,461)
Effect of transfer pricing	176,855	158,115
Current-year losses for which no deferred tax asset is recognised	55,179	5,246
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(7,093,657)
Effects of different tax rates of subsidiaries operating in other jurisdictions	8,033	1,553
Other	(416,163)	643,478
Total	**7,827,142**	**15,711,315**
Effective tax rate	**27.03%**	**12.51%**

18. INCOME TAXES (continued)

(c) Movement in deferred tax balances

2024		**1 January**						**31 December**	
In RSD 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net**	**Recognized in profit or loss**	**Recognized in OCI**	**Other**	**Deferred tax assets**	**Deferred tax liabilities**	**Net**
Fixed asset	-	(63,952,066)	(63,952,066)	2,546,498	1,129,284	-	-	(60,276,284)	(60,276,284)
Employee benefits	-	(276,335)	(276,335)	766,820	292,904	-	783,389	-	783,389
Loans and borrowings	-	(101,607)	(101,607)	22,015	-	-	-	(79,592)	(79,592)
Lease liabilities	582	-	582	(582)	-	-	-	-	-
Other items	21,522	-	21,522	(10,035)	(306)	-	11,181	-	11,181
Deferred tax asset (liability)	**22,104**	**(64,330,008)**	**(64,307,904)**	**3,324,716**	**1,421,882**	**-**	**11,181**	**(59,572,487)**	**(59,561,306)**

2023		**1 January**						**31 December**	
In RSD 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net**	**Recognized in profit or loss**	**Recognized in OCI**	**Other**	**Deferred tax assets**	**Deferred tax liabilities**	**Net**
Fixed asset	-	(66,329,416)	(66,329,416)	2,377,351	-	-	-	(63,952,065)	(63,952,065)
Equity accounted investees	4,053	-	4,053	(4,053)	-	-	-	-	-
Employee benefits	-	(372,985)	(372,985)	(314,436)	411,086	-	-	(276,335)	(276,335)
Loans and borrowings	-	(67,345)	(67,345)	(34,262)	-	-	-	(101,607)	(101,607)
Lease liabilities	120	-	120	462	-	-	582	-	582
Other items	13,443	-	13,443	7,509	923	(354)	21,521	-	21,521
Deferred tax asset (liability)	**17,616**	**(66,769,746)**	**(66,752,130)**	**2,032,571**	**412,009**	**(354)**	**22,103**	**(64,330,007)**	**(64,307,904)**

18. INCOME TAXES (continued)

(d) Amounts recognized in other comprehensive income (OCI)

	2024			2023		
In RSD 000	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability	(1.952.695)	292.904	(1,659.791)	(2,740,572)	411,086	(2,329,486)
Impairment loss recognized on revalued assets against revaluation reserves	(7,528,562)	1,129,284	(6,399,278)	-	-	-
Equity investments at FVOCI – net change in fair value	2,032	(306)	1,726	(6,153)	923	(5,230)
Total	**(9,479.225)**	**1,421,882**	**(8,057.343)**	**(2,746,725)**	**412,009**	**(2,334,716)**

(e) Unrecognised deferred tax assets and tax losses carried forward

Deferred tax assets have not been recognised in respect of tax losses because is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	2024	2023
Unused tax losses for which no deferred tax asset has been recognised	718,112	171,768
Potential tax benefit	71,953	17,327

The unused tax losses, which expire between 2025 and 2029, were incurred by subsidiaries “HES Gornja Drina” d.o.o., Foča, “Elektrosever” d.o.o., Kosovska Mitrovica and “Moravske hidroelektrane” d.o.o., Beograd. These entities are not expected to generate taxable income in the foreseeable future.

(f) Uncertainty over income tax treatments

Tax legislation of the Republic of Serbia, Slovenia and Bosnia and Herzegovina is subject to varying interpretations. Interpretation of tax laws by the Tax Authorities could differ from the interpretation by the Group. Obsolescence period of tax liabilities is five years. Therefore, Tax Authorities have the rights to determine payment of unsettled liabilities in period of five years from when the liability occurred. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

(g) Global minimum top-up tax

The Group operates in Republic of Serbia, which did not enacted legislation to implement the global minimum top-up tax. The Group expects to be subject to the top-up tax in relation to its operations in Republic of Slovenia, where the statutory income tax rate for 2024 is 22 % (2023.: 19%).

In December 2023, Slovenia adopted a new Minimum Tax Law, which transposes Council Directive (EU) 2022/2523, incorporating global minimum taxation into Slovenian national law. The law applies to fiscal years beginning on or after 31 December 2023. It establishes a minimum tax rate of 15% and applies to multinational and large domestic groups with consolidated revenues exceeding EUR 750 million.

Although the Pillar Two legislation became effective for fiscal years beginning on or after 31 December 2023, there no current top-up tax impact has been recognized for the year ended 31 December 2024. This is because, while the Group exceeds EUR 750 million revenue threshold and operates in jurisdictions subject to the legislation, both the parent company and the Slovenian subsidiary have effective tax rates above the 15% minimum rate. As a result, no top-up tax liability arises.

In accordance with the amendments to IAS 12 – Income Taxes, issued in May 2023, the Group has applied the mandatory temporary exception from deferred tax accounting related to top-up taxes. Accordingly, no deferred tax assets or liabilities have been recognized in relation to Pillar Two top-up taxes. The Group will recognize any top-up tax as a current tax expense in the period in which it arises.

19. PROPERTY, PLANT AND EQUIPMENT

In RSD 000	Land	Buildings	Plant and equipment	Other property, plant and equipment	Construction In progress	Right-of-use assets	Total
Cost or fair value							
Balance at 1 January 2023	**90,457,322**	**517,372,183**	**949,265,491**	**125,030**	**143,470,734**	**143,820**	**1,700,834,580**
Additions	2,176,832	25,789	4,228,885	-	42,063,435	9,532	48,504,473
Transfers	33,944	1,346,063	7,155,404	-	(8,538,014)	-	(2,603)
Transfers to/from other assets	(2,934)	69,482	2,566	-	(388,761)	-	(319,647)
Transfers to assets available for sale	(529,443)	-	-	-	(211,648)	-	(741,091)
Disposals and write-offs	(706,685)	(255,069)	(6,087,377)	-	-	-	(7,049,131)
Reversal of provisions for land recultivation of the slag and ash dump sites	(8,580,703)	-	-	-	-	-	(8,580,703)
Transfer of PPE to Republic of Serbia	(1,762)	-	(180,406)	-	-	-	(182,168)
Other	(5)	(776)	(371)	1,179	(8,711)	-	(8,684)
Balance at 31 December 2023	**82,846,566**	**518,557,672**	**954,384,192**	**126,209**	**176,387,035**	**153,352**	**1,732,455,026**
Additions	2,014,284	76,895	6,396,012	-	53,004,207	3,377	61,494,775
Transfers	125,040	14,127,662	31,360,616	-	(45,613,318)	-	-
Transfers to/from other assets	(168,229)	125,292	161,763	5,407	(54,805)	-	69,428
Disposals and write-offs	(70,381)	(1,371,050)	(5,918,793)	-	(4,489)	-	(7,364,713)
Capital expenditures - provisions for land recultivation of the slag and ash dump sites	1,008,217	-	-	(103)	-	-	1,008,114
Transfer of PPE to Elektrodistribucija Srbije	(291,955)	(2,836,212)	-	-	-	-	(3,128,167)
Other	(663)	(8,053)	37,069	1,171	(38,375)	(3,968)	(12,819)
Balance at 31 December 2024	**85,462,879**	**528,672,206**	**986,420,859**	**132,684**	**183,680,255**	**152,761**	**1,784,521,644**

19. PROPERTY, PLANT AND EQUIPMENT (continued)

In RSD 000	Land	Buildings	Plant and equipment	Other property, plant and equipment	Construction in progress	Right-of-use assets	Total
Accumulated depreciation and impairment losses							
Balance at 1 January 2023	**33,680,887**	**248,273,417**	**591,174,005**	**45,820**	**48,372**	**121,446**	**873,343,947**
Depreciation	1,481,503	6,299,361	26,633,151	-	-	10,156	34,424,171
Transfers to/from other assets	-	-	(7,870)	-	-	-	(7,870)
Reversal of provisions for land recultivation of the slag and ash dump sites	(5,375,657)	-	-	-	-	-	(5,375,657)
Disposals and write-offs	-	(76,340)	(4,403,289)	-	-	-	(4,479,629)
Impairment loss	-	-	-	-	2,295,934	-	2,295,934
Reversal of impairment loss	-	(209)	(1,100)	-	-	-	(1,309)
Transfer of PPE to Republic of Serbia	(93)	-	(117,577)	-	-	-	(117,670)
Other	(6)	12,155	(12,002)	2,708	(2,023)	-	832
Balance at 31 December 2023	**29,786,634**	**254,508,384**	**613,265,318**	**48,528**	**2,342,283**	**131,602**	**900,082,749**
Depreciation	1,005,882	6,459,826	28,419,661	167	-	8,885	35,894,421
Transfers to/from other assets	(158,435)	-	(122,998)	1,815	(798)	-	(280,416)
Disposals and write-offs	-	(406,851)	(5,224,546)	(103)	-	-	(5,631,500)
Impairment loss	1,115,322	4,233,352	3,972,041	-	-	-	9,320,715
Transfer of PPE to Elektrodistribucija Srbije	-	(1,693,343)	-	-	-	-	(1,693,343)
Other	-	(6,175)	(61,109)	643	38,931	152	(27,558)
Balance at 31 December 2024	**31,749,403**	**263,095,193**	**640,248,367**	**51,050**	**2,380,416**	**140,639**	**937,665,068**
Net book value							
At 31 December 2023	**53,059,932**	**264,049,288**	**341,118,874**	**77,681**	**174,044,752**	**21,750**	**832,372,277**
At 31 December 2024	**53,713,476**	**265,577,013**	**346,172,492**	**81,634**	**181,299,839**	**12,122**	**846,856,576**

On 31 December 2024 and 31 December 2023 there are no pledges and mortgages over property, plant and equipment.

Transfers to and from other assets relate to the transfers between property, plant and equipment and intangible assets, inventories and investment property.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

During 2024, the amount of capitalized borrowing costs was RSD 2.095.004 thousand (2023: RSD 1,956,332 thousand). The rate used to determine the amount of borrowing costs eligible for capitalization in 2024 was in the range from 0.5% to 8.4% (in 2023 in the range was from 0.4% to 5.9%).

Right-of-use assets and lease liabilities

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in the table below:

In RSD 000	Land	Buildings	Plant and equipment	Other property, plant and equipment	Total
Carrying amount at 1 January 2023	**1,318**	**7,040**	**1,566**	**12,450**	**22,374**
Additions	1,303	6,347	1,883	-	9,533
Depreciation	(527)	(4,001)	(1,363)	(4,265)	(10,156)
Carrying amount at 31 December 2023	**2,094**	**9,386**	**2,086**	**8,185**	**21,751**
Additions	-	3,235	149	-	3,384
Depreciation	(909)	(4,623)	(1,519)	(1,834)	(8.885)
Other	1,684	(2,022)	(155)	(3,634)	(4,127)
Carrying amount at 31 December 2024	**2,869**	**5,976**	**561**	**2,717**	**12,123**

The Group recognised lease liabilities as follows:

In RSD 000	31 December 2024	31 December 2023
Short-term lease liabilities	7,380	8,392
Long-term lease liabilities	3,992	12,441
Total lease liabilities	**11,372**	**20,833**

Interest expense on lease liabilities included in finance costs of 2024 was RSD 618 thousand (2023: RSD 774 thousand).

Some property leases contain variable payment terms that are linked to their usage consumption. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base. Variable lease payments that depend on usage/consumption are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Expenses relating to short-term leases (included in operating expenses), expenses relating to variable lease payments and to leases of low-value assets that are not shown as short-term leases (included in operating expenses):

In RSD 000	2024	2023
Expense relating to variable lease payments that depend on usage/consumption	711,458	1,653,130
Expense relating to short-term leases	608,998	784,030
Expense relating to leases of low-value assets that are not shown above as short-term leases	2,173	1,168

Total cash outflow for all the leases in 2024 was RSD 9,536 thousand (2023: RSD 9,555 thousand).

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Transfer of assets to the company “Elektrodistribucija Srbije” d.o.o., Beograd

Up to the date preceding 1 January 2021, the Company was the sole founder of the Distribution System Operator "EPS Distribucija" d.o.o., Beograd registered for the activity of electricity distribution and distribution system management (which changed its business name to “Elektrodistribucija Srbije” d.o.o., Beograd on 29 January 2021). Based on the Government Decision 05 Number: 023-10578/2020-1 dated 17 Decembar 2020, the Plan for Implementing Activities on Reorganizing "Elektrodistribucija Srbije" d.o.o., Beograd, was adopted on the basis of which the Group:

- Undertook the obligation to transfer to “Elektrodistribucija Srbije” d.o.o., Beograd, working capital in the amount of RSD 37,272 thousand and property, plant and equipment and intangible assets in the amount of RSD 18,226,921 thousand, as a non-monetary contribution that is part of a capital increase. This change in non-monetary contributions was registered with the Business Registers Agency on 23 December 2020.

- Concluded the Agreement on Transfer of Shares in "Elektrodistribucija Srbije" d.o.o., Beograd, to the Republic of Serbia number 12.01.655216/1-20 dated December 29, 2020, based on the Decision of the Supervisory Board. The change was registered with the Business Registers Agency on 31 December 2020.

On the aforementioned basis in 2024, 2022 and 2021 the Company performed a transfer of a portion of assets to the entity “Elektrodistribucija Srbije” d.o.o., Beograd. The total net book value of the transferred intangible assets, property and equipment amounts to RSD 15,207,600 thousand. The outstanding amount of assets to be transferred is RSD 3,019,321 thousand. In 2024, assets with a net book value of RSD 1,534,094 thousand were transferred to “Elektrodistribucija Srbije” d.o.o., Beograd, resulting in a decrease in revaluation reserves of RSD 931,725 thousand.

The above items of PPE were not classified as held for distribution in the consolidated statement of financial position as at 31 December 2024 due to the fact that not all required classification criteria has been met as at that date in accordance with the IFRS 5. These assets were not available for immediate distribution in their present condition, and for certain assets (land and buildings), the distribution might not be highly probable due to the uncleared ownership rights over that property, what is a precondition for those items to be distributed at all.

These transactions of transfer of right of use over the IA and PPE, as stated above, were treated as transactions with the owners acting in their capacities as owners and accordingly, the effects of such transactions are recognized directly in equity.

Transfer of assets to the Republic of Serbia

In 2023, in accordance with the Government's Decision dated October 6, 2022, number: 464-7835/2022, the Group transferred to the ownership of the Republic of Serbia immovable properties which, as part of the network, are intended for the performance of electricity transmission activities in the distribution plant at the Vrla 2 Hydroelectric Power Plant, with a total value of RSD 64,498 thousand, of which the amount of RSD 1,669 thousand refers to land, and RSD 62,829 thousand to equipment.

This transaction of transfer of assets was treated as transaction with the owner acting in its capacities as owner and accordingly, the effects of such transaction are recognized directly in equity.

Impairment of non-current assets

In accordance with the adopted accounting policies of the Group (Note 4.16), the Group assesses at each reporting date whether there is any indication that an asset may be impaired. If such indications exist, the Group considers the recoverable amount of such assets and determines the recoverable amount of individual asset or cash-generating unit in order to determine potential impairment of an asset of cash-generating unit.

Impairment indicators

The Company identified following indicators for 2024 that assets may be impaired:

- Significant decline in profitability in 2024 compared to 2023. The Company reported in Statement of profit and loss, net profit in amount of RSD 24,431,104 thousand, while net profit in 2023 amounted to 112,446,838 thousand;
- The company reported in Statement of cash flows net decrease of cash in 2024 in amount of 6,758,344 thousand.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Additionally, Company has considered currently foreseeable impact of European Union's CBAM regulation, which has been in force since 1 October 2023, and will be implemented in two phases : (1) the transitional period (1 October 2023 – 31 December 2025), during which CBAM-obligated entities shall measure and report their emissions, through submission of CBAM reports, but will not have any financial obligations; and (2) the definitive period (starting 1 January 2026).

The Company's subsidiary has already been reporting to the European Commission on the embedded emissions in the electricity it has imported from Serbia to the EU member countries, starting from 1 October 2023, on quarterly basis. In 2024, the Company exported a total of 532,930 MWh of electricity to the EU through EPS Trgovanje. The adopted emission factor for Serbia is 1.04054, and the weighted average price of CO_2 certificate for 2024 amounted to EUR 60.5 per ton. Accordingly, the CBAM tax would have been approximately EUR 32.2 million, if CBAM payments had been in the effect during the observed period.

Given the proposed trading plan for the purpose of balancing and optimization—which includes the sale of approximately 200–500 GWh during the 2025–2026 period and about 1,665 GWh in 2027—it is planned that all sales will be conducted within Serbia (primarily through the Serbian power exchange) or within the Western Balkans region in order to avoid CBAM-related costs. Furthermore, the Company is taking steps to increase energy efficiency and reduce emissions. Overhauls, revitalizations, and modernizations of thermal power units will continue in the coming period. A major overhaul of TEKO B1 was completed in 2024, while a capital overhaul of TENT A6 is planned for 2025, and the second phase of revitalization of TENT B2 is scheduled for 2026.

In accordance with the requirements of relevant accounting standards (IFRS), and due to the current lack of complete information regarding the specific impact of CBAM, no direct effects have been included in the assumptions underlying the models and projections used to support this impairment indicator assessment of the Company's property, plant, and equipment as of 31 December 2024.

Impairment test

The Company performed the impairment test for assets at the level of cash generating units (CGU) as at 31 December 2024. Group CGUs relate to each individual branch of the Company. The recoverable amount of each CGU is determined based on the value in use. These calculation were based on before tax cash flow projections, based on the business plan for period from 2025 to 2027 and further projections of net cash flows for the remaining useful life of assets. The structure of deliveries in the period from 2028 onwards, is projected so that the share of guaranteed supply gradually decreases in favor of commercial supply and that the share of export increases. Income and expenses that are not directly related to electricity in the period from 2028 onwards are projected to follow the projected inflation rate.

Projections of future cash flows from operations are based on the current state of assets that are subject to impairment testing on the specified date, and do not include the effects of potential restructuring in future periods, nor the effects that will arise in the future period due to the expansion of existing asset capacities, either through construction of new or expansion or improvement of existing capacities. Future cash flow projections assume current income generating capacities of the CGU.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Other key assumptions on which the Company's management based its cash flow projections were as follows:

- The price of electricity is projected separately for guaranteed and commercial supply. The price of electricity for guaranteed and commercial supply for 2025 is projected on the basis of the Three-Year Business Program for 2025-2027. During 2024 prices for guaranteed supply were based on current AERS price list, while the prices for commercial supply were determined on current market prices.

- In the period from 2026 to 2030, a price increase for guaranteed supply of 5% per year is projected, and from 2030 onwards it is based on the inflation rate. Prices for commercial supply for 2026 were formed based on futures prices on the HUDEX stock exchange on 31 December 2024, as a weighted average of base and peak energy prices. From 2027 onwards, the growth of these prices is projected based on the inflation rate.

- Import and export prices (market prices) for 2025 and 2026 were formed based on futures prices on the HUDEX stock exchange on 31 December 2024, as a weighted average of base and peak energy prices. From 2027 onwards, as with commercial supply, the growth of these prices is projected based on the inflation rate.

- The price of coal was determined based on the internal prices of mines within the Company and realized prices of external coal in 2023 and 2024. Based on production projections (lower production in TENT and higher in RBK), the assumption was introduced for the needs of thermal power plants to be met to the maximum extent from domestic sources. In the coming years, coal prices follow the projected inflation rate.

- Electricity production of the Panonska TE-TO was increased compared to the plan for the average coefficient of exceeding the plan in the period 2022-2024 (40%). Electricity prices for Panonska TE-TOs for the year 2025 are projected based on the average of futures on the HUDEX stock exchange for peak energy in the months in which PanonskaTE-TOs are active. In the years that follow, prices reflect the projected inflation rate.

- The discount rate is before tax and reflects the weighted average cost of capital relevant to the related industry. The discount rate is determined separately for each individual branch of the Company (CGU). The discount rate was formed in the range between 9.0% and 10.5% for each individual branch of the Company for the impairment test on 31 December 2024.

- Inflation projection is based on the revised fiscal strategy for 2025, with projections for 2026 and 2027. Consequently, the projected inflation rate for 2025 for the asset impairment test model was determined to be 3.5%, for 2026 in the amount of 3.5%, and for 2027 in the amount of 3.3%. From 2027 onwards, a projected long-term inflation rate of 3.3% was used.

The following table shows used prices in impairment test by product type for the next five years:

Type	Unit	2025	2026	2027	2028	2029
Guaranteed supply	RSD/kWh	6.11	6.61	7.16	7.52	7.89
Commercial supply	RSD/kWh	12.04	12.37	12.77	13.20	13.63
Network fee	RSD/kWh	12.04	12.37	12.77	13.20	13.63
HUPX	RSD/kWh	14.21	12.37	12.77	13.20	13.63
Coal	RSD thousand/ tonn	3.66	3.79	3.91	4.04	4.18

The following table shows the results of the testing as at 31 december 2024:

Branch (CGU)	Discount rate	Carrying value (RSD million)	Value in use (RSD million)	Difference (RSD million)
HPP DJERDAP Branch	9.5%	174,067	870,441	696,374
DRINSKO-LIMSKA HPP Branch	9.5%	101,687	177,455	75,768
TENT Branch	10.5%	196,309	226,361	30,052
RB KOLUBARA Branch	10.5%	156,183	269,664	113,480
TE-KO KOSTOLAC Branch	10.5%	222,183	397,956	175,774
Branch of PANONSKA TE-TO	10.0%	12,008	2,687	(9,321)
RENEWABLE RESOURCES Branch	10.0%	4,284	26,039	21,755
EPS Supply Branch	9.5%	536	141,036	140,499
Headquarters branch	9.0%	21,583	65,619	44,037
Total		**888,840**	**2,177,258**	**1,288,418**

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Based on the performed testing of the potential impairment of assets on 31 December 2024, the Company determined that the value in use and the recoverable amount of assets is higher than their carrying value for all CGUs, except for Panonske TE-TOs for which the recoverable amount is determined to be RSD 2,687,305 thousand which is RSD 9,320,715 thousand lower than the carrying value of the respective CGU. As a result, the Company recognized an impairment loss in the amount of RSD 9,320,715 thousand. Of this total, RSD 1,792,153 thousand was recognized in the income statement for 2024. In addition, the revaluation reserves were reduced by RSD 7,528,562 thousand (gross), with a corresponding deferred tax asset of RSD 1,129,284 thousand recognized.

Sensitivity analysis

The sensitivity analysis for the value in use to changes in the discount rate and prices by individual types of electricity supply showed that the value in use in all branches is weakly to moderately sensitive to changes in the discount rate, with guaranteed and commercial supply exhibiting highest sensitivity to price changes. A change in key assumptions, provided that other parameters remained unchanged, would have the following effects on impairment in Panonske TE-TOs: if the discount rate were increased by 1%, the amount of impairment would increase by RSD 563,981 thousand (in the case of a decrease of 1%, the amount of impairment would decrease by RSD 706,595 thousand). If the price of electricity were to increase by 5%, the impairment amount would decrease by RSD 4,703,099 thousand (in the case of a price reduction, the impairment amount would increase by RSD 2,687,305 thousand). In the TENT branch, which is the most sensitive to assumption changes and where no impairment has been identified, an increase in the discount rate by 2% would lead to an impairment of approximately 4.9 billion dinars. An increase in the assumed coal price by 5 percentage points would result in an impairment of approximately 17.6 billion dinars. On the other hand, only if the assumed electricity price for guaranteed supply were to decrease by 10%, the impairment in the TENT branch would amount to approximately 12.1 billion dinars.

On 31 December 2023, the Group performed an analysis of internal and external indicators of potential impairment of property, plant, equipment and intangible assets. Based on the analysis of indicators from external and internal sources of information, the Group concluded that during 2023 there are no indications of a decrease in the value of the Group's current assets at 31 December 2023, except in respect of assets under construction, for which the Group concluded that are not on location and in condition necessary for functional use, which had been expected at the moment of initial recognition and for which significant progress in development and construction had not occurred over a longer period of time and for which the future status of construction remains unknown. For those assets the Group recognised an impairment loss in the income statement for 2023 in total amount of RSD 2,295,980 thousand out of which amount of RSD 2.295,934 thousand relates to property, plant and equipment while remaining amount of RSD 46 thousand relates to intangible assets (Note 20).

Impairment loss recognised in 2023 for the most part, in the amount of RSD 2,129,167 thousand, refers to the project for the construction of Thermal power plant "Kolubara B" which was abandoned.

The carrying amount for each revalued class of property, plant and equipment that would have been recognized had the assets been carried under the cost model

The following table shows the carrying amounts of each revalued class of property, plant, and equipment, as well as the carrying amounts of the same classes of assets had they been recognized under the cost model.

				In thousands of RSD
	Carrying amount		Cost model	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Land	53,713,476	53,059,932	50,626,288	49,970,510
Buildings	265,285,269	263,871,474	196,776,930	195,214,527
Plant and equipment	346,172,492	341,118,874	290,905,521	289,304,306

20. INTANGIBLE ASSETS

In RSD 000	Licenses and other rights	Software	Other intangible assets	Intangible assets under development	Total
Cost or fair value					
Balance at 1 January 2023	**6,662,125**	**7,378,522**	**26,940**	**3,400,274**	**17,467,861**
Additions	410,169	600	-	863,012	1,273,781
Transfers	3,395	21,240	-	(22,031)	2,604
Disposals and write-offs	(124,986)	(405,217)	-	-	(530,203)
Acquisition of subsidiary	-	-	19,484	-	19,484
Other	(2,818)	-	(590)	-	(3,408)
Balance at 31 December 2023	**6,947,885**	**6,995,145**	**45,834**	**4,241,255**	**18,230,119**
Additions	85,552	626	-	2,150,118	2,236,296
Transfers	619,540	336,560	-	(945,078)	11,022
Disposals and write-offs	(3,680,341)	(1,531,003)	(36)	(112,010)	(5,323,390)
Other	11,469	-	-	(162,041)	(150,572)
Balance at 31 December 2024	3,984,105	5,801,328	45,798	5,172,244	15,003,475
Amortisation and impairment					
Balance at 1 January 2023	**3,574,533**	**3,736,819**	**9,635**	**-**	**7,320,987**
Amortisation	1,269,672	1,293,123	3,336	-	2,566,131
Disposals and write-off	(121,179)	(342,534)	(12)	-	(463,725)
Impairment loss (Note 19)	-	-	-	46	46
Balance at 31 December 2023	**4,723,026**	**4,687,408**	**12,959**	**46**	**9,423,439**
Amortisation	1,243,598	768,811	2,638	-	2,015,047
Impairment loss (Note 19)	2,220	15,890	-	104,940	123,050
Disposals and write-off	(3,643,101)	(1,487,358)	-	-	(5,130,459)
Other	(35,340)	(198,428)	-	-	(233,768)
Balance at 31 December 2024	**2,290,403**	**3,786,323**	**15,597**	**104,986**	**6,197,309**
Net book value					
At 31 December 2023	**2,224,859**	**2,307,737**	**32,875**	**4,241,209**	**8,806,680**
At 31 December 2024	**1,693,702**	**2,015,005**	**30,201**	**5,067,258**	**8,806,166**

21. ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT

In RSD 000	31 December 2024	31 December 2023
Advances for property, plant and equipment	31,026,981	29,423,250
Allowance for impairment of advances for property, plant and equipment	(321,172)	(325,927)
Total	**30,705,809**	**29,097,323**

Advances for property, plant and equipment that as at 31 December 2024 amount to RSD 31,026,981thousand (31 December 2023: RSD 29,423,250 thousand) mostly relate to:

- Delivery of 10 km of B=2000 transporter route with 6 drive stations, 6 return stations, 5 inclined bridges, one loading trolley, based on the contract concluded with AD Goša Fabrika opreme i mašina Smederevska Palanka, as the leader of the group of contractors, and Energotehnika Južna Bačka Novi Sad doo, as a member of the group. As at 31 December 2024, the amount of advances given on this basis amounts to RSD 6,654,324 thousand (31 December 2023: RSD 3,191,653 thousand);

- Delivery of a conveyor with a 10 km route with 6 drive stations, 6 return stations, 5 drawbridges, one loading trolley and one MRS 2000 mobile distribution station, based on the contract concluded with AD Goša Fabrika opreme i mašina Smederevska Palanka, as the leader of a group of contractors consisting of Metaling doo Belgrade and Energotehnika Južna Bačka doo. As at 31 December 2024 the amount of advances given on this basis amounts to RSD 6,141,125 thousand (31 December 2023: RSD 4,449,849 thousand);

21. ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT (continued)

- Procurement of drive stations, return stations and inclined bridges for 6 belt conveyors B=1600mm, according to the contract concluded between EPS AD and the group consisting of AD Goša Fabrika opreme i mašina Smederevska Palanka-leader and Energotehnika Južna Bačka Novi Sad doo-group member. As at 31 December 2024, the total amount of advances given on this basis amounts to RSD 2,646,960 thousand (31 December 2023: RSD 847,698 thousand);

- Delivery of two rotary excavators with a capacity of 4800 m3/h, in accordance with the contract concluded with the group whose leader is the German company KOCH SOLUTIONS GmbH and the members of the group: ROAMING NETWORKS Belgrade and Ltd. company for construction and installation of equipment and facilities Goša montaža Beograd. As at 31 December 2024, the advance payment amounts to RSD 2,198,194 thousand;

- Procurement of one BTO system B-2000 mm for PK Radljevo: Procurement of a rotary excavator with a capacity of 6600 m^3/hour, based on the contract signed with Energotehnika Južna Bačka Novi Sad doo. Advances given as at 31 December 2024 amounted to RSD 2,040,825 thousand (31 December 2023: 989,570 thousand);

- The project Replacement of Ash and Slag Transport System for TENT A, based on which the contract was concluded between the Company and the consortium consisting of Rudis doo Trbovlje, Millenium team doo, Energotehnika Južna Bačka doo, and MVM EGI Zrt. As at 31 December 2024, the amount of advances given on this basis amounts to RSD 1,852,863 thousand (31 December 2023: RSD 1,874,862 thousand);

- Construction of a Wind Park in Kostolac, based on a contract concluded on 13 April 2022 with a consortium consisting of Siemens Gamesa Renewable Energy A/S and Siemens Gamesa Renewable energy d.o.o. As at 31 December 2024, the total amount of advances given on this basis amounts to RSD 974,409 thousand (31 December 2023: RSD 6,347,861 thousand);

- Delivery of one dumper with a capacity of 8500 m3/h, based on the contract concluded with Energotehnika Južna Bačka Novi Sad doo, as the leader of a group of contractors consisting of AD Goša Fabrika opreme i mašina Smederevska Palanka and FAM Minerals & Minin GmbH Germany. As at 31 December 2024, the amount of advances given on this basis amounts to RSD 957,030 thousand (31 December 2023: RSD 983,144 thousand);

- Delivery of two self-propelled conveyors/disposers with a capacity of 4800 m3/h, based on the contract with the leader of the KOCH SOLUTIONS GmbH group and its members ROAMING NETWORKS and Ltd. company for construction and installation of equipment and facilities Goša montaža Beograd. As at 31 December 2024, the total amount of advances given on this basis amounts to RSD 917,568 thousand,

- Delivery of belt conveyors B = 2000 mm for which an agreement was concluded with AD Goša Fabrika opreme i mašina, Smederevska Palanka, as a lead contractor of the group consisting of: HIDRO-TAN doo Beograd and ANSAL STEEL DOO Beograd. As at 31 December 2024, the amount of advances given on this basis amounts to RSD 802,415 thousand (31 December 2023: RSD 3,988,699 thousand).

Allowance for impairment in the amount of RSD 321,172 thousand as at 31 December 2024 (31 December 2023: RSD 325,927 thousand) primarily relate to the allowance for the advances paid to the public company “Kolubara”, Valjevo during 2010 and 2011 in the total amount of RSD 301,746 thousand with respect to the construction of water accumulation basin “Rovni”, intended for water supply, flood prevention in the area of surrounding municipalities as well for the needs of Group. Since this project did not provide economic benefits, Group provided allowance for impairment to those advances in full in 2015.

22. OTHER LONG-TERM FINANCIAL ASSETS

In RSD 000	31 December 2024	31 December 2023
Rescheduled trade receivables for delivered electricity to legal entities	1,210,111	830,292
Long-term financial investments	1,341,024	1,243,748
Financial assets at FVOCI	11,233	9,201
Long-term loans	1,684,390	1,861,908
Long-term receivables from employees	161,670	186,325
Other financial investments	308,615	308,683
	4,717,043	**4,440,157**
Allowance for impairment (Note 38):		
- rescheduled trade receivables – legal entities	(1,210,096)	(830,292)
- long-term financial investments	(778,516)	(778,841)
- long-term receivables from employees	(1,657)	(1,657)
	(1,990,269)	**(1,610,790)**
Total	**2,726,774**	**2,829,367**

Rescheduled trade receivables for delivered electricity relate to receivables from households and legal entities with whom an agreement on rescheduled loans was concluded in line with the decisions by the Board of Directors. No interest is charged on the outstanding amount owed and in the event of two consecutive unpaid instalments the agreement shall be considered terminated. Rescheduled trade receivables are almost fully impaired and therefore there is no material impact to the profit or loss statement from these rescheduled receivables.

Long-term financial investments comprise, among other things, the following:

- Investments in water reservoir “Rovni” in the amount of RSD 637,205 thousand. The aforementioned investments relate to joint ventures in the public company “Kolubara”, Valjevo and on the basis of the construction of the body of the dam and the reservoir “Rovni”, whose purpose is to supply water to the population and industry, flood protection in the surrounding municipalities, as well as for the needs of the Parent Company. Based on the Decree of the Government of the Republic of Serbia on the establishment of the program for construction, reconstruction and maintenance of water facilities for 2006 ("Official Gazette of RS" no. 117 dated 30 December 2005), further works on the construction of the body of the dam and reservoir "Rovni” were envisaged during 2006, with the participation of the Government of the Republic of Serbia in the amount of 100%. The mentioned investment was made in order to ensure the necessary conditions for the operation of the “Kolubara B” TPP project. Due to significant changes in regulatory requirements, primarily relating to the recognition of originally pooled assets, the issue of ownership of water management assets and the like, the Parent Company recognized impairment losses on the aforementioned basis in previous years.

- Collateral for transactions performed on the organized electricity market (SEEPEX) in the amount of RSD 514,451 thousand. As indicated in Note 5 (b), the Parent Company trades electricity at the stock exchange "SEEPEX", and as a trading participant is obliged to comply with the trading conditions issued by the European commodity clearing AG, which, among other things, require the depositing of collateral to ensure the fulfilment of obligations of all trading participants.

- Receivables from employees in the amount of RSD 48,058 thousand (31 December 2023: RSD 101,969 thousand). The Decision of the Supervisory Board No. 12.01.-603121/32-2021 dated 1 December 2021, and the Decision on the Amendment of Decision No. 12.01.270924/12-23 dated 29 March 2023 enabled employees who lost court cases against the Parent Company for compensation for damages due to less paid wages due to the calculation of the lower value of working hours and shift work, to settle their payables toward the Parent Company, based on previously paid amounts, in 48 or 96 half-monthly installments.

Long-term loans reported as at 31 December 2024 in the amount of RSD 1,684,390 thousand (31 December 2023: RSD 1,861,908 thousand) relate in full to loans that the Parent Company concluded with international financial institutions on behalf of former subsidiary “Elektrodistribucija Srbije” d.o.o., Beograd, for financing projects such as the purchase of equipment for reconstructing five 110/xkV/kV substations in Petrovac, Šabac, Gornji Milanovac, Lešnica and Aleksinac, with related services for the distribution network and for the project of emergency repairs due to floods.

22. OTHER LONG-TERM FINANCIAL ASSETS (continued)

Long-term receivables from employees relate to the placements to employees with respect to the sold apartments in the amount of RSD 142,027 thousand (31 December 2023: RSD 162,567 thousand) and granted loans for addressing housing needs in the amount of RSD 19,643 thousand (31 December 2023: RSD 23,758 thousand). Placements with respect to the sold apartments relate to the solidarity apartments purchased by the employees of the Group. The Group sold these apartments to employees for loans with a period of 40 years and repayment is done through monthly instalments that are adjusted by the corresponding indices of retail prices, up to a rate of growth of average salary in the Republic of Serbia. Housing loans are granted to employees for a period of 20 or 40 years free of interest or with fixed interest of 1% annually. Repayment of housing loans is linked to EUR and adjusted for change in RSD/EUR exchange rate.

Other financial investments in the amount of RSD 308,615 thousand (31 December 2023: RSD 308,683 thousand), relate to the Group's investments in unquoted equity securities of domestic banks and commercial entities where the Group has less than 10% of individual ownership. These investments are stated at cost.

23. INVENTORIES

In RSD 000	31 December 2024	31 December 2023
Materials	13,203,230	14,504,206
Materials - coal	3,099,249	4,655,245
Spare parts	24,973,987	24,756,936
Finished goods - other	19,615	38,170
Tools and inventory	6,781,557	6,249,555
Work-in-progress	545,094	555,176
Merchandise	1,447	637
	48,624,179	**50,759,925**
Allowance for impairment:		
- merchandise	-	(99)
- materials	(270,344)	(211,692)
- spare parts	(3,119,544)	(2,878,749)
- tools and inventory	(5,387,147)	(5,024,833)
	(8,777,035)	**(8,115,373)**
Total	**39,847,144**	**42,644,552**

24. ADVANCES PAID FOR INVENTORY AND SERVICES

In RSD 000	31 December 2024	31 December 2023
Advances paid for inventories and services	5,292,082	4,537,122
Allowance for impairment	(78,054)	(130,090)
Total	**5,214,028**	**4,407,032**

25. TRADE AND OTHER RECEIVABLES

In RSD 000	31 December 2024	31 December 2023
Trade receivables from domestic customers	146,598,001	152,379,895
Trade receivables from foreign customers	6,541,894	4,855,933
Other trade receivables	3,422,929	822,525
	156,562,824	**158,058,353**
Receivables for Public Media service tax (Note 5)	5,689,504	5,491,277
Receivables for penalty for late payments	18,660,462	14,228,041
Receivables from employees	1,739,626	1,239,695
Receivables for insurance compensations	1,568	2,386
Other receivables from specific operations	17,219	34,099
Other receivables	1,291,394	1,256,895
	27,399,773	**22,252,393**
Allowance for impairment (Note 38):		
- trade receivables from domestic customers	(62,970,753)	(65,214,463)
- trade receivables from foreign customers	(5,691,952)	(4,824,124)
- other trade receivables	(3,228,191)	(654,837)
- receivables for penalty for late payments	(11,278,141)	(8,541,368)
- receivables for public media service fee	(962,177)	(872,166)
- receivables from specific operations	(17,219)	(19,813)
- receivables from employees	(80,615)	(94,998)
- other receivables	(294,341)	(686,425)
	(84,523,389)	**(80,908,194)**
Total	**99,439,208**	**99,402,552**

Trade receivables from domestic customers

In RSD 000	31 December 2024	31 December 2023
Receivables for electricity delivered to households	42,772,170	39,598,120
Receivables for electricity delivered to legal entities	11,048,434	10,955,063
Receivables for electricity delivered to qualified customers	42,870,786	54,385,117
Receivables from PE “Elektrokosmet”, Priština	21,128,234	19,694,346
Receivables for electricity delivered to entities under restructuring and in bankruptcy	13,789,147	14,245,036
Receivables from “EMS” a.d., Beograd	3,530,858	2,109,916
Receivables from “Elektrodistribucija Srbije” d.o.o., Beograd	7,697,888	7,557,206
Receivables from sale of coal	2,169,703	2,396,550
Receivables for provided services	272,658	17,159
Receivables for delivered technological steam and gas	308,823	311,648
Receivables for delivered heat energy	871,919	1,010,558
Receivables for electricity delivered to licensed customers	137,381	99,176
	146,598,001	**152,379,895**
Allowance for impairment:		
- receivables for electricity delivered to households	(9,931,492)	(9,579,297)
- receivables for electricity delivered to legal entities	(4,170,044)	(3,817,853)
- receivables for electricity delivered to qualified customers	(11,711,740)	(12,499,273)
- receivables from PE “Elektrokosmet”, Priština	(21,128,234)	(19,694,346)
- receivables from entities under restructuring and in bankruptcy	(13,789,147)	(14,245,036)
- receivables from “Elektrodistribucija Srbije” d.o.o., Beograd	-	(2,942,188)
- receivables from sale of coal	(1,892,931)	(2,054,051)
- receivables for provided services	(5,231)	(5,974)
- receivables for delivered heat energy	(45,112)	(79,162)
- receivables for delivered technological steam and gas	(289,750)	(290,211)
- receivables for electricity delivered to licensed customers	(7,072)	(7,072)
	(62,970,753)	**(65,214,463)**
Total	**83,627,248**	**87,165,432**

25. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables for delivered electricity are non-interest bearing and are generally on terms up to 30 days. Overdue receivables are charged with penalty interest equal to the statutory default interest calculated on outstanding amount of receivables in accordance with the Law on penalty interest.

In accordance with the Conclusion of the Government of the Republic of Serbia, number 021-6624/2009-002 adopted at the Government session held on 30 November 2009, the Group uses its available production capacity in order to provide with electricity to the north of AP of Kosovo and Metohija. On the above basis, the receivables for delivered electricity to the Public entity “Elektrokosmet” Priština were recognized, in the amount of RSD 21,128,234 thousand (31 December 2023: RSD 19,694,346 thousand). Outstanding amount of these receivables is considered as impaired and accordingly, fully provided for.

Receivables for electricity delivered to entities under restructuring and in bankruptcy relate to the entities in the restructuring process initiated in the course of ownership transformation or to the entity in the bankruptcy proceedings. Since the collection of receivables from these customers is highly uncertain, these receivables are almost entirely impaired.

Information about the Group’s exposure to credit and market risks, and impairment losses for trade receivables is included in Note 38. Details on accounting policy for assessment of impairment of receivables are presented in the Note 4.15.

Other receivables, in the gross amount of RSD 3,422,929 thousand (2023: RSD 822,525 thousand), mainly relate to doubtful accounts totalling RSD 3,114,451 thousand (2023: RSD 214,802 thousand) which are fully offset by the allowance for impairment.

Receivables for Public Media service tax

The Law on the Temporary regulation of the method of tax collection for the Public Media service tax for the Public Media Service (hereinafter: the fee) stipulates the obligation of the Parent company to collect this fee on behalf of Public Media Service “Radio televizija Srbije”, Beograd and “Radio televizija Vojvodine”, Novi Sad, together with the fee for delivered electricity. This fee is introduced for the purpose of financing the public media service in the period from 1 January 2016 to 31 December 2020, and subsequently prolonged until 31 December 2025. The fee is a mandatory element of the monthly invoiced electricity bill for all suppliers who perform the activity of supplying end customers with electricity on the territory of the Republic of Serbia, and the monthly invoiced amount of the fee is paid by the supplier to the RTS and RTV accounts opened with the commercial bank no later than 15th of the month for the previous month. The Group acts in these transaction in the capacity of an agent and accordingly, recognizes revenues in the amount of related commission (Note 5).

Receivables from employees

Receivables from employees comprised the following:

In RSD 000	31 December 2024	31 December 2023
Loans granted to employees	1,214,457	925,908
Allowances for business trips	223	408
Receivables for shortages	3,733	3,479
Other	521,213	309,900
	1,739,626	**1,239,695**
Allowance for impairment	(80,615)	(94,998)
Total	**1,659,011**	**1,144,697**

26. CASH AND CASH EQUIVALENTS

In RSD 000	31 December 2024	31 December 2023
Cash on current accounts in RSD	25,268,705	28,170,191
Foreign currency accounts	3,263,739	6,526,054
	28,532,444	**34,696,245**
Deposits for securing letters of credit in RSD	52,743	-
Deposits for letter of credits (L/C) in RSD	1,735,701	2,225,906
	1,788,444	2,225,906
Cash on hand	24,493	24,944
Cash funds deposited for special purposes	389	176,171
Received cheques and other securities	2,303	1,879
Cash and cash equivalents in the statement of cash flows	**30,348,073**	**37,125,145**
Allowance for impairment	(32,322)	(66,907)
Cash and cash equivalents in the statement of financial position	**30,315,751**	**37,058,238**

Deposits for letter of credits stated as at 31 December 2024 in the amount of RSD 1,735,701 thousand (31 December 2023: RSD 2,225,906 thousand) relate to the guarantee deposit for the settlement of obligations under letters of credit with the Bank of China a.d. Beograd, as payment instruments for obligations stemming from the coal purchase agreement concluded with Shen Hua Hong Kong International Trading Limited, Hong Kong.

Impairment of cash and cash equivalents stated as at 31 December 2024 in the amount of RSD 32,322 thousand (31 December 2023: RSD 66,907 thousand) entirely relate to ELCs for cash and cash equivalents calculated on 12-month expected loss basis (see Note 4.15).

27. OTHER CURRENT ASSETS

In RSD 000	31 December 2024	31 December 2023
Prepaid expenses	1,383,550	1,265,495
Receivables for uninvoiced income based on recharged costs for delivered goods and services	323,627	794,194
Receivables for prepaid taxes and contributions	845,898	1,074,320
Other prepayments	1,240,174	1,304,926
Total	**3,793,249**	**4,438,935**

Prepaid expenses stated in 2024 in the amount of RSD 1,383,550 thousand (2023: RSD 1,265,495 thousand), relate mostly in the amount of RSD 1,382,102 thousand (2023: RSD 1,239,091 thousand) to property and employees insurance expenses.

Receivables stated in 2024 in the amount of RSD 323,627 thousand entirely relate to credit notes issued to the legal entity "Elektrodistribucija Srbije" d.o.o., Beograd, during January and February 2024, based on invoiced electricity for compensation of losses in the distribution system, and for the billing period of December 2024.

Receivables for prepaid taxes and contributions in 2024 in the amount of RSD 845,898 thousand mainly relate to receivables from Republic of Serbia for refund of consumed electricity from economically vulnerable customers, and to receivables from Environmental Protection Fund, in the amounts of RSD 387,600 thousand and RSD 67,108 thousand, respectively. Receivables from Environmental Protection Fund is the difference between advance payment for 2023 and 2024 compared to the amount determined by the final calculation of the environmental protection fee according to the administrative act of the competent authority after the date of approval of the financial statements for the previous reporting period.

Other prepayments mainly relate to deferred VAT receivable for which invoices will be issued in following period.

28. CAPITAL AND RESERVES

Issued capital

As disclosed in Note 1, on 6 April 2023, the Government of the Republic of Serbia adopted Decision no. 023-1457/2023 on the change of the Company's legal form from a public company to a joint-stock company under the full business name of Akcionarsko društvo "Elektroprivreda Srbije", Beograd, which will continue to perform the public company's activities in the same way as before the change of legal form.

In accordance with the aforementioned decision, the total capital of the Company is converted into 36,510,509 ordinary shares with voting rights, with a nominal value of RSD 10,000 each, so that the Republic of Serbia acquires all 100 percent of the shares of the joint-stock company with a total value of RSD 365,105,090 thousand.

Movements in ordinary shares

In thousands of shares	**2024**	**2023**
In issue at January	**36,511**	-
Issued during the year	-	36,511
In issue at 31 December – fully paid	**36,511**	**36,511**

Legal reserves

Legal reserves were retained in prior periods as legal reserves in accordance with then applicable Company Law. Currently, those reserves have the status of legal reserves with no restrictions on their distribution.

Revaluation reserves

The revaluation reserve relates to the revaluation surplus of property, plant and equipment and is presented net of related deferred tax.

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings (see accounting policy Note 4.11. for details).

Revaluation surplus transferred directly to retained earnings in 2024 amounts to RSD 1,469,209 thousand (2023: RSD 2,328,278 thousand).

Fair value reserves

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI until the assets are derecognised or impaired.

Translation reserves

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Profit share proposed and paid

Details on profit share and settlement of declared profit share are disclosed in Note 37.2.

29. PROVISIONS

In RSD 000	Provisions for litigations	Provision for environmental restoration	Other provisions	Total
At 1 January 2023	**2,975,045**	**21,587,246**	**24**	**24,562,315**
New provisions - cost capitalization for recultivation of slag and ash dump sites	-	(3,205,046)	-	(3,205,046)
Unwinding of discount	-	1,060,043	-	1,060,043
Provisions arising during the year	45,516	-	-	45,516
Provisions used during the year	(297,410)	(41,011)	-	(338,421)
Unused amounts reversed	(209,734)	(582,470)	-	(792,204)
At 31 December 2023	**2,513,417**	**18,818,762**	**24**	**21,332,203**
Non-current	**2,513,417**	**16,445,626**	**24**	**18,959,067**
Current	**-**	**2,373,136**	**-**	**2,373,136**
At 1 January 2024	**2,513,417**	**18,818,762**	**24**	**21,332,203**
New provisions - cost capitalization for recultivation of slag and ash dump sites	-	1,008,218	-	1,008,218
Unwinding of discount	-	801,321	-	801,321
Provisions arising during the year	644,659	180,425	-	825,084
Provisions used during the year	(301,650)	(69,854)	-	(371,504)
Unused amounts reversed	(215,107)	(74,554)	-	(289,661)
At 31 December 2024	**2,641,319**	**20,664,318**	**24**	**23,305,661**
Non-current	**2,641,319**	**15,395,857**	**24**	**18,037,200**
Current	**-**	**5,268,461**	**-**	**5,268,461**

Provisions for ongoing litigations

Provisions for litigation relates to the provision for lawsuits filed against the Group, based on the best estimate of probable adverse effects of charges brought against the Group as per the estimates of the in-house legal representative or engaged external lawyer.

Provisions for environmental restoration

Provisions for environmental restoration in the amount of RSD 20,664,318 thousand (31 December 2023: RSD 18,818,762 thousand) consists of:

- Provision for decommissioning of landfills and dumps for ash and slag in Thermal Power Plants “Kostolac”, “Kolubara”, “Morava”, “Nikola Tesla A” and “Nikola Tesla B” in the amount of RSD 17,442,379 thousand. Provision is recognized in the amount equal to net present value of expected outflows for restoration works based on current estimates. In determining the present value of expected future outflows a discount rate was used in the range from 5.01% to 6.36%, with the estimated useful life of the landfill of 2 to 19 years.

- Provision for re-cultivation and restoration of exploited coal mine pits in production units “Rudarski basen Kolubara” and “Termoelektrane i kopovi Kostolac” in the amount of RSD 3,221,939 thousand. Provision is recognized in the amount equal to net present value of expected outflows for restoration works based on current estimates. Effects of unwinding of discount are charged to finance costs. In determining the present value of expected future outflows a discount rate was used in the range from 2.07% to 6.39%, with the estimated useful life of open-pit mines of 6 to 26 years.

30. LONG-TERM LOANS AND BORROWINGS

In RSD 000	31 December 2024	31 December 2023
Non-current liabilities		
Long-term loans from foreign creditors	162,472,217	131,243,657
Long-term loans from domestic creditors	32,131,528	44,596,674
	194,603,745	**175,840,331**
Liabilities convertible into equity	80,500	80,500
Lease liabilities	11,372	20,833
Other long-term liabilities	-	262
Unamortised fees under the effective interest method	(642,348)	(677,379)
	(550,476)	**(575,784)**
Current liabilities		
Current portion of long-term loans:		
- loans from foreign creditors	(27,849,841)	(21,714,769)
- loans from domestic creditors	(8,960,762)	(19,275,154)
	(36,810,603)	**(40,989,923)**
- lease liabilities	(7,381)	(8,392)
Unamortised fees under the effective interest method	174,550	146,768
	167,170	**138,376**
Non-current liabilities	**157,409,835**	**134,413,000**

Information about the Group’s exposure to interest rate, foreign currency and liquidity risks is included in Note 38.

Loan covenants

Some of the Group’s loan agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios, as follows:

- Net financial debt to EBITDA ratio for 12 months period preceding the date of calculation should be less than or equal to 3.0:1.0;

As of 31 December 2024, the Group has not breached any covenant clauses currently in effect.

Unamortised fees under the effective interest method

Unamortised fees under the effective interest method relate to the paid management fees and other similar transactions costs with respect to the loans and borrowings obtained from the EBRD, KfW, Export-Import Bank of China and Cassa Depositi e Prestiti S.P.A. These costs are allocated to the profit or loss account under the effective interest method of amortization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

30. LONG-TERMS LOANS AND BORROWINGS (continued)

Terms and repayment schedule

In order to finance the specific projects to increase production capacities in thermoelectric and hydroelectric plants, in the period from 2003 to 2019 the Group executed various loan agreements with international financial institutions, to which the Federal Republic of Yugoslavia, State Union of Serbia and Montenegro or Republic of Serbia served as guarantors.

In addition, in order to secure working capital needed to finance current liabilities that arise in the regular course of business activities of the Group, secure supply of electricity to customers, secure and reliable operation of the electric power system, as well as to ensure funds for the purpose of financing the purchase of electricity from renewable sources, loan agreements were concluded with commercial banks as well.

The following table summarises key terms, conditions and repayment schedules of outstanding long-term loans.

No.	LOANS	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in RSD 000	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2024.	31.12.2023.
	TOTAL BORROWINGS							**194,603,744**	**175,840,331**
A	**FOREIGN CURRENCY BORROWINGS (I+II+III+IV+V)**							190,203,744	168,340,331
I	**REFINANCED BORROWINGS REALIZED FROM THE FUNDS OF: (1+2+3+4)**							**3,662,275**	**5,916,730**
1	PARIS CLUB OF CREDITORS							3.455.302	5,572,296
1.1	AUSTRIA	EUR	757,043	30.09.2008. 31.03.2024.	30.03. and 30.09.	A market rate/EUR+0.6%	Promissory notes	-	31,592
1.2	FRANCE	EUR	8,730,080	22.09.2008. 22.03.2024.	22.03. and 22.09.	5.90%	Promissory notes	-	364,313
1.3	GERMANY	EUR	5,791,024	22.09.2008. 22.03.2024.	22.03. and 22.09.	5.50%	Promissory notes	-	241,664
1.4	CANADA	EUR	12,675,415	22.09.2008. 22.03.2024.	22.03. and 22.09.	Euribor/EUR +0.5%	Promissory notes	-	528,955
1.5	SWITZERLAND	CHF	17,523,915	22.09.2008. 22.03.2024.	22.03. and 22.09.	Libor/CHF+0.5%	Promissory notes	-	783,466
1.6	USA	USD	1,420,054	22.09.2008. 22.03.2024.	22.03. and 22.09.	5.375%	Promissory notes	-	53,542
1.7	RUSSIA	USD	34,070,253	22.03.2006. 22.03.2034.	22.03. and 22.09.	0.5517%	Promissory notes	3,455,302	3,439,595
1.8	JAPAN	JPY	484,382,092	22.09.2008. 22.03.2024.	22.03. and 22.09.	2.8390%	Promissory notes	-	129,169
2	LONDON CLUB OF CREDITORS	USD	2,176,440	01.05.2010. 01.11.2024.	01.05. and 01.11.	3.75% until 11/09 fix 6.75% until 11/24	Promissory notes	-	115,207
3	IBRD	EUR	1,830,516	15.06.2005. 15.12.2031.	15.06. and 15.12.	6.75% until 11/24	Promissory notes	157,055	179,241
4	European Community	EUR	426,596	17.10.2012. 17.10.2016.	17.04. and17.10.	6m Euribor	-	49,918	49,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

30. LONG-TERMS LOANS AND BORROWINGS (continued)

No.	LOANS	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in RSD 000	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2024.	31.12.2023.
II	**LOANS GRANTED BY STATE GOVERNMENTS**							**74,644,040**	**70,931,223**
1	Polish borrowing	USD	790,167	2,918	15.06. and 15.12.	0.75% p.a.	Guarantee RS	-	2,908
2	Japanese – JICA	JPY	20,624,116,518	13,743,655	20.05. and 20.11.	0.6% 0.01%	Guarantee RS	8,824,359	13,743,655
3	Export-Import Bank of China	USD	131,634,015	10,838,887	21.01. and 21.07.	3% p.a.	Promissory notes	8,222,636	10,838,887
4	Export-Import Bank of China	USD	373,289,423	46,345,773	21.01. and 21.07.	2.5% p.a.	Promissory notes	57,597,045	46,345,773
III	**LOANS FROM INTERNATIONAL FINANCIAL ORGANIZATIONS**							**87,749,798**	**60,238,635**
1	KfW V (70 mil. EUR)	EUR	20,468,170	30.12.2018. 30.06.2025.	30.06. and 30.12.	variable rate + 0.5%	Guarantee RS	655,775	1,308,116
2	KfW VI (65 mil. EUR)	EUR	19,999,931	30.12.2018. 30.12.2024.	30.06. and 30.12.	variable rate + 0.4% for EUR 25 million and variable + 1.15% for EUR 40 million	Guarantee RS	-	1,171,728
3	KfW VIII (80 mil. EUR)	EUR	26,495,720	30.12.2021. 30.12.2034.	30.06. and 30.12.	0.85%	Guarantee RS	8,419,864	6,793,098
4	EBRD VI (200 mil. EUR)	EUR	111,111,111	15.06.2017. 15.06.2030.	15.06. and 15.12.	VAR.EURIBOR + 1%	Guarantee RS	9,534,547	11,283,393
5	EBRD VII (300 mil. EUR)	EUR	201,000,000	20.08.2024 20.02.2028	20.02. and 20.08.	var.6M EURIBOR + 1.00% p.a.	Guarantee RS	30,716,411	23,551,914
6	EIB II (22 mil.EUR)	EUR	5,159,999	25.11.2010. 09.12.2027.	09.06. and 09.12; 25.05. and 25.11.	fixed for each tranche of 3.879% to 5.248%	Guarantee RS	260,553	432,761
7	KfW IX (100 mil. EUR)	EUR	100,000,000	15.03.2026 15.03.2033	15.03. и 15.09.	variable, Swap rate + 0,65% mark-up	Guarantee RS	11,701,490	-
8	CDP (100 mil.EUR)	EUR	100,000,000	30.12.2025. 30.06.2029.	30.06. 30.12.	6M EURIBOR + 1.00%	Guarantee RS	11,701,490	-
9	Wb IDA (12.24 mil. SDR)	XDR	2,949,712	15.09.2015. 15.03.2025.	15.03. and 15.09.	-	Guarantee RS	86,506	251,384
10	WB IBRD (139 mil.EUR)	EUR	135,037,339	01.11.2023. 01.05.2044.	01.05. and 01.11.	6M EURIBOR + variable mark-up	Promissory notes	14,673,162	15,446,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

30. LONG-TERMS LOANS AND BORROWINGS (continued)

No.	LOANS	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in RSD 000	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2024.	31.12. 2023.
IV	**COMMERCIAL BANKS**							**24,057,560**	**31,166,601**
1	Komercijalna banka 15 mil	EUR	15,000,000	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 1.95%	Promissory notes	1,316,418	1,611,138
2	Banca Intesa 45mil	EUR	45,000,000	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.50%	Promissory notes	3,949,253	4,833,415
3	Banca Intesa 30mil	EUR	17,453,097	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	2,632,835	3,222,277
4	Vojvođanska banka 30mil	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	2,632,835	3,222,277
5	OTP banka 15mil	EUR	-	15.10.2023. 15.04.2029.	15.04. and 15.10.	6M EURIBOR + 3.75%	Promissory notes	1,358,560	1,662,715
6	ERSTE Banka	EUR	32,083,333	01.10.2023 30.08.2027	every 1st in month	3M EURIBOR + 5%	Promissory notes	2,581,032	3,524,365
7	Eurobank direktna	EUR	32,083,333	01.10.2023 30.08.2027	every 1st in month	3M EURIBOR + 5%	Promissory notes	2,581,032	3,524,365
8	Postanska stedionica	EUR	4,583,333	01.10.2023 01.09.2027	every 1st in month	3M EURIBOR + 3.5%	Promissory notes	-	-
9	AIK Banka	EUR	9,166,667	01.10.2023 30.08.2027	every 1st in month	3M EURIBOR + 5%	Promissory notes	737,438	1,006,961
10	Komeracijalna banka	EUR	45,832,464	01.10.2023 30.08.2027	every 1st in month	3M EURIBOR + 5%	Promissory notes	3,687,118	5,034,712
11	OTP Banka	EUR	32,083,428	01.10.2023 30.08.2027	every 1st in month	3M EURIBOR + 5.00%	Promissory notes	2,581,039	3,524,376
V	**OTHER**							**90,071**	**87,142**
1	EMS a.d. – IBRD	EUR	14,555	15.03.2005.- 15.09.2031.	15.03. and 15.09.	1/3-5.44% and 2/3-euribor	Promissory notes	11,692	13,344
2	Tehnoexport	USD	697,086			-	/	78,379	73,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

30. LONG-TERMS LOANS AND BORROWINGS (continued)

No.	LOANS	Currency	ORIGINAL CURRENCY				Means of security	Equivalent value in RSD 000	
			Principal	Maturity date	Repayment schedule	Interest rate		31.12.2024.	31.12.2023.
B	**LOANS IN RSD**							**4,400,000**	**7,500,000**
1	Banca Intesa	RSD	3,000,000,000	01.01.2023 01.12.2024	every 1st in month	1M BELIBOR + 2.70%	Promissory notes	-	1,500,000
2	AIK banka	RSD	4,000,000,000	01.10.2023 30.08.2027	every 1st in month	1M BELIBOR + 3.50%	Promissory notes	2,750,000	3,750,000
3	Postanska stedionica	RSD	2,400,000,000	01.10.2023 01.09.2027	15.06. and 15.12.	1M BELIBOR + 3.50%	Promissory notes	1,650,000	2,250,000
	CURRENT PORTION OF LONG-TERM LOANS							**36,810,603**	**40,989,923**
A	Foreign currency loans							35,210,603	37,889,923
B	Loans in RSD							1,600,000	3,100,000
	TOTAL LONG-TERM PORTION							**157,793,142**	**134,850,408**
A	Foreign currency loans							154,993,142	130,450,408
B	Loans in RSD							2,800,000	4,400,000

30. LONG-TERMS LOANS AND BORROWINGS (continued)

Analysis of contracted loans withdrawals

Creditor	Currency	Contracted amount*	Withdrawn amount*	Unwithdrawn amount*
European Bank for Reconstruction and Development VI	EUR	200,000,000	200,000,000	-
European Bank for Reconstruction and Development VII	EUR	300,000,000	300,000,000	-
European Investment Bank II	EUR	22,000,000	22,000,000	-
KfW V	EUR	69,233,967	69,233,967	-
KfW VI	EUR	64,999,948	64,999,948	-
KfW VIII	EUR	80,000,000	80,000,000	-
KfW IX	EUR	100,000,000	100,000,000	-
IDA	XDR	11,798,849	11,798,849	-
JICA	JPY	28,249,647,536	28,249,647,536	-
EXIM Bank of China I	USD	286,639,231	286,639,231	-
EXIM Bank of China II	USD	595,589,927	595,589,927	-
Loans from the Republic of Poland	USD	49,996,617	49,996,617	-
WB IBRD	EUR	135,402,191	135,402,191	-
Commercial banks	EUR	297,083,428	297,083,428	-
Commercial banks	RSD	10,000,000,000	10,000,000,000	-

* *Amounts are stated in foreign currencies.*

The company has an approved loan facility, and as of December 31, 2023, the total amount of unused loans available for future business activities was RSD 40,872,968. As of December 31, 2024, the entire approved loan amount had been withdrawn.

Maturity of loans

In RSD 000	31 December 2024	31 December 2023
Up to 1 year	36,810,603	40,989,923
From 1 to 5 years	104,084,932	95,168,652
Over 5 years	53,708,210	39,681,756
Total	**194,603,745**	**175,840,331**

Foreign currency structure of loans

Foreign currency structure of loans is as follows:

In RSD 000	31 December 2024	31 December 2023
Foreign currency		
EUR	111,939,518	92,562,949
USD	69,353,362	60,869,708
CHF	-	783,466
JPY	8,824,359	13,872,824
XDR	86,506	251,384
RSD	4,400,000	7,500,000
Total	**194,603,745**	**175,840,331**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

30. LONG-TERMS LOANS AND BORROWINGS (continued)

The following tables provide reconciliation between the opening and closing balances for liabilities arising from financing activities for the year ended 31 December 2024 and 2023 (long-term and short-term loans without related interest and liabilities for financing costs):

		Cash flows		Non-cash changes						
In RSD 000	Balance as at 1 January 2024	Proceeds	Repayment	Proceeds from commodity loans	Conversion of interest to principal	Foreign exchange movement	New leases	Reclass-ification	Other	Balance as at 31 December 2024
Loans and borrowings (long term and short term)	175,840,331	36,050,955	(35,840,500)	15,701,941	117,003	2,728,887	-	-	5,128	194,603,745
Lease liabilities	20,833	-	(9,536)	-	-	-	-	-	(75)	11,372
Total liabilities from financing activities	**175,861,164**	**36,050,955**	**(35,850,036)**	**15,701,941**	**117,003**	**2,728,887**	**-**	**-**	**5,203**	**194,615,117**

		Cash flows		Non-cash changes						
In RSD 000	Balance as at 1 January 2023	Proceeds	Repayment	Proceeds from commodity loans	Conversion of interest to principal	Foreign exchange movement	New leases	Reclass-ification	Other	Balance as at 31 December 2023
Loans and borrowings (long term and short term)	166,222,119	30,223,822	(29,695,789)	15,739,904	443,976	(4,283,090)	-	(2,806,010)	(4,601)	175,840,331
Lease liabilities	22,534	-	(9,555)	-	-	-	9,532	-	(1,678)	20,833
Total liabilities from financing activities	**166,244,653**	**30,223,822**	**(29,705,344)**	**15,739,904**	**443,976**	**(4,283,090)**	**9,532**	**(2,806,010)**	**(6,279)**	**175,861,164**

Proceeds from commodity loans in the amount of RSD 15,701,941 thousand for 2024 (2023: RSD 15,739,904 thousand) relate to the cash directly paid to Group’s suppliers by the borrowers in accordance with the contractual terms of withdrawn borrowings.

31. EMPLOYEE BENEFITS

In RSD 000	31 December 2024	31 December 2023
Retirement benefits	14,384,929	6,200,629
Jubilee anniversary awards	12,745,152	10,804,844
	27,130,081	**17,005,473**
Current liabilities:		
- retirement benefits	1,863,553	568,262
- jubilee anniversary awards	1,222,049	1,117,843
	3,085,602	**1,686,105**
Non-current liabilities:		
- retirement benefits	12,521,376	5,632,367
- jubilee anniversary awards	11,523,103	9,687,001
	24,044,479	**15,319,368**

Basis for calculating employee benefits for retirement pay upon retirement and jubilee awards was disclosed in Note 4.7.

31. EMPLOYEE BENEFITS (continued)

The changes in the present value of calculated retirement benefits and jubilee awards in 2023 and 2024 are presented in the table below:

In RSD 000	Retirement benefits	Jubilee anniversary award	Total
Balance at 1 January 2023	**3,447,938**	**6,647,569**	**10,095,507**
Included in profit or loss:			
Interest costs	213,236	398,016	611,252
Current service costs	226,190	581,669	807,859
Actuarial losses	-	4,646,311	4,646,311
Included in other comprehensive income:			
Actuarial losses (gains)	2,740,572	-	2,740,572
Settlement:			
Benefits paid	(427,307)	(1,468,721)	(1,896,028)
Balance at 31 December 2023	**6,200,629**	**10,804,844**	**17,005,473**
Included in profit or loss:			
Interest costs	353,072	669,401	1,022,473
Current service costs	501,715	554,966	1,056,682
Past service costs	5,907,792	-	5,907,792
Actuarial losses (gains)	-	2,095,862	2,095,862
Included in other comprehensive income:			
Actuarial losses (gains)	1,952,695	-	1,952,695
Settlement:			
Benefits paid	(530,974)	(1,379,921)	(1,910,896)
Balance at 31 December 2024	**14,384,929**	**12,745,152**	**27,130,081**

The basic actuarial assumptions used in calculation of the present value of future payments for retirement benefits and jubilee awards were as follows:

	31 December 2024	31 December 2023
Tax rate over the untaxed amount for retirement benefits	20%	20%
Tax rate over the untaxed amount for jubilee awards	10%	10%
Untaxed amount of retirement benefits	277,822	235,036
Untaxed amount of jubilee awards	28,152	25,085
Employee turnover rate	0.07% - 2.52%	0.06% - 2.56%
Salary growth rate	6.32% - 7.01%	5.69%

Employee turnover rate corresponds to the actual turnover rate in the review period. The Company belongs to the Public sector of the Republic of Serbia and is subject to regulation of salaries in terms of determining the maximum salaries of employees. In addition to that fact in actuarial calculation, the Group assumed that in 2025 there will be salary increase up to 6.32% (7,01% in the subsidiary “Kolubara - Građevinar” d.o.o., Lazarevac). In order to determine mortality rates, mortality tables of the Republic of Serbia were used for period from 2021 to 2023, the latest available.

The discount rate was calculated separately for each branch of the Group depending on average remaining number of years until retirement and separately at the level of each branch for every category of jubilee awards. In the Republic of Serbia there is no market for high quality corporate bonds and accordingly, discount rate could not be determined by reference to market yields on such bonds. Instead of that reference to the government bonds market yield have been used in developing discount rate. The calculation on discount rate is based on expected return for government bonds depending on their maturity in order to match estimated maturity of the employee benefits.

The increase in provisions for employee benefits and compensation is a result of the Company’s new Collective Agreement. On 5 August 2024, the Company signed a new Collective Agreement stipulating that, as of 1 January 2025, employees are entitled to severance pay upon retirement in the amount of six monthly salaries (compared to three salaries until 31 December 2024), based on the salary earned in the month preceding the month in which the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

31. EMPLOYEE BENEFITS (continued)

severance is paid, or six average salaries (previously three), paid by the employer, whichever is more favorable to the employee. There have been no changes in the Collective Agreement in the subsidiary “Kolubara - Građevinar” d.o.o., Lazarevac

The overview of used discount rates is as follows:

	31 December 2024	31 December 2023
Discount rate:		
– retirement benefits	3.85%-6.41%	5.90%-6.34%
– jubilee anniversary award:		
- for 10 years of service	3.85%-6.41%	5.26%-5.74%
- for 20 years of service	3.85%-6.41%	5.52%-6.00%
- for 30 years of service	3.85%-6.41%	5.79%-6.22%
- for 35 years of service	3.85%-6.41%	5.69%-6.34%
- for 40 years of service	3.85%-6.41%	5.79%-6.34%

Sensitivity analysis of actuarial assumptions

The change of key actuarial assumptions for 1% as at the reporting date under the assumption that all other calculation parameters are constant, would have the following effects on calculated present value of retirement benefits:

	31 December 2024		31 December 2023	
In RSD 000	**(+)**	**(-)**	**(+)**	**(-)**
Discount rate (1pp movement)	(1,107,226)	1,290,259	(540,840)	639,801
Fluctuation rate (1pp movement)	(1,183,431)	1,365,477	(578,016)	677,432
Salary growth rate (1pp movement)	1,275,003	(1,114,863)	636,534	(547,959)

The effect of these changes for calculated present value of jubilee awards are as follows:

	31 December 2024		31 December 2023	
In RSD 000	**(+)**	**(-)**	**(+)**	**(-)**
Discount rate (1pp movement)	(901,387)	1,073,728	(791,551)	937,793
Fluctuation rate (1pp movement)	(964,551)	1,133,563	(845,838)	989,647
Salary growth rate (1pp movement)	1,060,825	(907,381)	931,735	(801,142)

Although the above analysis does not take into account full distribution of cash flows in connection with the Group’s liabilities for retirement pay and jubilee awards, it provides a reasonable approximation of sensitivity of actuarial calculation to the above assumptions.

Maturity profile of recognized employment benefits

The overview of average remaining range of years until retirement and payment of jubilee awards is presented in the table below:

	31 December 2024	31 December 2023
Average number of years:		
– retirement benefits	11.12-17.08	11.19-18.02
– jubilee anniversary award:		
- for 10 years of service	3.89-7.83	2.75-7.87
- for 20 years of service	6.87-12.27	4.54-12.66
- for 30 years of service	11.27-18.04	9.16-16.30
- for 35 years of service	15.17-25.09	7.04-17.75
- for 40 years of service	13.73-21.76	10.25-17.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

32. DEFERRED INCOME

In RSD 000	31 December 2024	31 December 2023
Deferred revenues from transfer of assets from customers	3,496	24,445
Foreign countries grants	7,345,750	7,745,756
Grants received from the Government of RS and other state authorities	890,265	903,069
Total	**8,239,511**	**8,673,270**

Foreign countries grants relate to received funds for financial and technical support from foreign countries, agencies and similar authorities on an international level (European Union, Switzerland, Japan, EBRD, Swedish International Development Cooperation Agency, IBRD, etc). Those grants were received in the past years, and all related contracts and agreements had been ratified by the National Assembly of the Republic of Serbia. Grants were initially recognized as deferred income that is recognized in profit or loss on a systematic basis over the useful life of related asset. There are no unfulfilled conditions and other contingencies that are attached to those grants as at both reporting dates.

Changes in deferred revenue which pertain to received grants and assets during 2024 and 2023 were as follows:

In RSD 000	31 December 2024	31 December 2023
Balance at the beginning of the year	**8,673,270**	**8,826,018**
Grants received during the year	20,744	147,662
Transfer to revenue and other income	(454,503)	(384,228)
Government grant for construction of hot water pipeline between Obrenovac and Beograd	-	226,100
Other	-	(142,282)
Balance at the end of a year	**8,239,511**	**8,673,270**

33. SHORT-TERM LOANS AND BORROWINGS

In RSD 000	31 December 2024	31 December 2023
Current portion of long-term loans from foreign creditors	27,849,841	21,714,769
Current portion of long-term loans from domestic creditors	8,960,762	19,275,154
Current portion of lease liabilities	7,381	8,392
	36,817,984	**40,998,315**
Short-term borrowings	1,000	1,671
Other short-term financial liabilities in foreign currency	3,364	3,364
Other short-term financial liabilities in RSD	28,909	157,931
Liabilities for interests and financing costs	323,062	322,362
	356,335	**485,328**
Unamortised fees under effective interest method	(174,550)	(146,768)
Total	**36,999,769**	**41,336,875**

Further information relating to loans and borrowings from foreign and domestic creditors and other borrowings is set out in Note 30.

34. CONTRACT LIABILITIES

In RSD 000	31 December 2024	31 December 2023
Advances received:		
- advances received in RSD	3,106,771	2,611,200
- advances received in foreign currency	137	137
Total	**3,106,908**	**2,611,337**

The contract liabilities primarily relate to the advance consideration received from customers for delivery of electricity, for which revenue is recognised over time, and to the advance consideration received from customers for the sale of coal in Branch RB Kolubara. The amount of advances received for the sale of coal is RSD 36,865 thousand (2023: RSD 46,720 thousand). This will be recognised as revenue when the coal is delivered to customers, which is expected to occur over the next year.

The amount of RSD 2,611,337 thousand included in contract liabilities at 31 December 2023 has been recognised as revenue in 2024.

35. TRADE PAYABLES

In RSD 000	31 December 2024	31 December 2023
Received deposits and deposit bails	166,047	223,605
Trade payables – domestic suppliers	24,856,460	22,448,357
Trade payables – “EMS” a.d., Beograd	1,330,830	1,021,616
Trade payables – “Elektrodistribucija Srbije” d.o.o., Beograd	20,895,771	25,767,259
Trade payables – foreign suppliers	9,523,706	13,053,090
	56,606,767	**62,290,322**
Liabilities for Public Media Service tax	2,331,981	1,955,846
Other trade payables:		
- expropriation liabilities	111,721	63,603
- liabilities for compensation of caused damages	19,479	20,578
- other	85,164	184,676
Total	**59,321,159**	**64,738,630**

Liabilities toward “Elektrodistribucija Srbije” d.o.o., Beograd reported as at 31 December 2024 in the amount of RSD 20,895,771 thousand (2023: RSD 25,767,259 thousand) relate to liabilities toward this company for fees for distribution system access.

Liabilities toward “EMS” a.d., Beograd, reported as at 31 December 2024 in the amount of RSD 1,330,830 thousand (2023: RSD 1,021,616 thousand) mainly relate to charges for connection and usage the electricity transmission system.

Liabilities for the Public Media Service tax, in the amount of RSD 2,331,981 thousand (2023: RSD 1,955,846 thousand), relate to taxes collected on behalf of the Public Media Service, which the Company, as the electricity supplier, was responsible for collecting from end customers.

Information about the Group’s exposure to foreign currency and liquidity risks is included in Note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

36. OTHER LIABILITIES AND ACCRUALS

In RSD 000	31 December 2024	31 December 2023
VAT liabilities	9,249,320	9,935,854
Liabilities for taxes, customs and other duties charged to expenses	5,305,406	5,334,854
Liabilities for dividends and profit share (Note 37.2)	3,012,191	3,032,107
Liabilities for environmental protection fee	3,957,298	3,020,098
Other liabilities for public revenues	18,442	47,419
Water use charges	974,078	1,427,900
Liabilities for unpaid salaries and wages:		
- net salary liabilities	1,538,913	1,384,949
- taxes and contributions payable on behalf of employees	588,928	545,208
- contributions payable on behalf of the employer	385,522	531,783
- other	30,573	28,385
Other liabilities towards employees	53,508	56,029
Liabilities towards members of Executive and Supervisory board	3,218	2,631
Penalties on payment delay in salary tax	1,825	2,606
Liabilities towards individuals	32,133	34,074
Other liabilities	19,827,163	25,424,959
	44,978,498	**50,808,856**
Accruals:		
- accrued expenses	1,745,690	1,698,628
- other accruals	4,287,092	3,098,124
	6,032,782	**4,796,752**
Total	**51.011.280**	**55,605,608**

Liabilities for dividends and profit sharing reported as at 31 December 2024 in the amount of RSD 3,012,191 thousand (31 December 2023: RSD 3,032,107 thousand) mostly, in the amount of RSD 3,012,191 thousand (31 December 2023: RSD 3,012,191 thousand), relate to liabilities to the founder recognized in the previous years on the basis of Decision of the Supervisory Board of the Group on the distribution of profits in favour of the founders, and in accordance with the Law on Budget of the Republic of Serbia.

Remaining liabilities for dividends and profit sharing relate to liabilities to employees and former employees for participation in profits determined by financial statements for the year ended 31 December 2015, in accordance with the decision of the Supervisory Board of 6 December 2018.

No dividends were declared and paid by the Group to the founder for the years 2024 and 2023.

During 2024, other liabilities decreased compared to 2023. Other liabilities represent support to the Group, due to price limitation during energy crisis occurred in 2022.

Accrued expenses reported in 2024 in the amount of RSD 1,745,690 thousand include the amount of RSD 1,677,039 thousand which relates to interest expenses for loans and borrowings accrued based on calculations but for which no accounting document has been received.

Other accruals reported in 2024 in the amount of RSD 4,287,092 thousand (2023: RSD 3,098,124 thousand), mainly relate to VAT on advance payments to vendors, totaling RSD 3,814,846 thousand (2023: RSD 2,646,230 thousand).

37. RELATED PARTY DISCLOSURES

37.1 Transaction with government, government institutions and state-controlled companies

The Republic of Serbia is the owner of the whole amount of issued capital of the Group. Taking this into consideration, transactions undertaken by the Group in the course of its ordinary activities with the government i.e. governmental institutions as well as with legal entities controlled by the state or significantly influenced by the state, represents transactions with the related parties.

Transactions with the government, government institutions and state-controlled companies (companies where the state has significant control through full, majority, or significant minority ownership) are realized under the terms equal to the terms and conditions valid for transactions done with other legal entities and institutions in accordance with the ruling pricelist applied by the Group.

Materially significant amounts of transactions and materially significant outstanding receivables and liabilities as at 31 December 2024 and for the year then ended, relating to the government, government institutions and state controlled or significantly influenced companies, are presented in the table below:

In RSD 000	Sales	Other income	Finance income	Finance costs	Operating expenses/ Purchases	Other expenses	Trade and other receivables and advances paid	Other long-term financial assets	Loans	Trade payables	Other liabilities and accruals	Income tax receivables
Republic of Serbia	-	-	-	-	-	-	387,600	-	-	-	3,012,191	3,946,550
Insurance deposits agency, Beograd	-	-	-	60,807	-	-	-	-	-	-	-	-
EMS a.d., Beograd	20,950,857	-	4,717	2,427	11,494,367	2,428	3,646,308	-	3,624,050	1,330,830	-	-
Železnice Srbije a.d., Beograd	2,291	-	2	-	-	-	-	-	-	203,328	-	-
JP Pošta Srbije, Beograd	1,676,117	420	10,824	6	2,151,810	-	246,533	-	-	222,200	-	-
HIP Petrohemija a.d., Pančevo	1,937,105	-	-	-	-	-	-	-	-	-	-	-
HIP Azotara d.o.o., Pančevo	37,553	-	10	-	-	-	-	-	-	-	-	-
Infrastruktura Železnice Srbije a.d., Beograd	2,367,111	-	339,668	-	2,991	-	3,674,095	-	-	350	-	-
Srbija Kargo a.d., Beogard	96,493	-	697	-	5,757	-	348,135	-	-	96,343	-	-
PRO TENT d.o.o., Obrenovac	-	-	-	-	11,887,188	-	26,255	-	-	2,244,174	-	-
Dunav osiguranje a.d.o., Beograd	87,726	81,394	-	-	1,638,648	-	44,565	3,670	-	1,386,433	-	-
Energetika Kragujevac	136,889	-	179,868	-	88,365	-	3,024,735	-	-	10,728	-	-
Milan Blagojević, Lučani	303,336	-	-	-	8,584	-	1,583,454	-	-	5,023	-	-
Srbija Voz a.d., Beograd	35,161	-	16	-	-	-	-	-	-	-	-	-
Elektrodistribucija Srbije d.o.o., Beograd	26,284,250	836,594	123,003	56,853	94,192,889	316,632	10,773,103	1,684,390	-	20,895,771	-	-
Total	**53,914,889**	**918,408**	**658,805**	**120,093**	**121,470,599**	**319,060**	**23,754,783**	**1,688,060**	**3,624,050**	**26,395,180**	**3,012,191**	**3,946,550**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

37. RELATED PARTY DISCLOSURES (continued)

37.1 Transaction with government, government institutions and state-controlled companies (continued)

Materially significant amounts of transactions and materially significant outstanding receivables and liabilities as at 31 December 2023 and for the year then ended, relating to the government, government institutions and state-controlled companies, are presented in the table below:

In RSD 000	Sales	Other income	Finance income	Finance costs	Operating expenses/ Purchases	Other expenses	Trade and other receivables and advances paid	Other long-term financial assets	Loans	Trade payables	Other liabilities and accruals	Income tax receivable
Republic of Serbia	-	-	-	-	-	-	479,954	-	-	-	3,012,191	-
Insurance deposits agency, Beograd	-	-	-	180,241	-	-	-	-	5,770,874	-	-	-
EMS a.d., Beograd	23,850,848	-	2,109	1,717	11,986,139	11,483	2,211,614	-	-	1,021,616	-	-
Železnice Srbije a.d., Beograd	2,386	-	-	-	-	-	-	-	-	206,293	-	-
JP Pošta Srbije, Beograd	1,171,131	420	26	26,143	1,915,248	-	279,510	-	-	184,621	-	-
HIP Petrohemija a.d., Pančevo	2,350,611	-	-	-	-	-	290,872	-	-	-	-	-
HIP Azotara d.o.o., Pančevo	55,917	-	294	-	-	-	41,894	-	-	-	-	-
Infrastruktura Železnice Srbije a.d., Beograd	2,183,900	-	368,629	-	1,404	-	3,352,839	-	-	65	-	-
Srbija Kargo a.d., Beogard	92,508	-	132	-	158,049	-	105,811	-	-	42,551	-	-
PRO TENT d.o.o., Obrenovac	-	-	-	-	13,093,176	-	35,245	-	-	1,963,784	-	-
Dunav osiguranje a.d.o., Beograd	92,005	352,349	-	-	1,400,918	-	46,219	2,511	-	1,232,232	-	-
Energetika Kragujevac	138,096	-	190,170	-	92,415	-	2,918,073	-	-	10,077	-	-
Milan Blagojević, Lučani	401,951	-	14,772	-	5,838	-	1,590,915	-	-	2,010	-	-
Srbija Voz a.d., Beograd	38,470	-	12	-	-	-	6,798	-	-	-	-	-
Elektrodistribucija Srbije d.o.o., Beograd	38,954,303	924,290	77,702	805,509	91,890,734	1,490	9,103,348	2,120,934	-	25,767,259	100,084	-
Total	**69,332,126**	**1,277,059**	**653,846**	**1,013,610**	**120,543,921**	**12,973**	**20,463,092**	**2,123,445**	**5,770,874**	**30,430,508**	**3,112,275**	**-**

37. RELATED PARTY DISCLOSURES (continued)

37.1 Transaction with government, government institutions and state-controlled companies (continued)

The above disclosed transactions relate to the institutions and legal entities for whom the management of the Group considered to be of a material importance on an individual level. Receivables, liabilities and turnover transactions with other governmental institutions and state-controlled companies are not materially significant to the financial statement as a whole.

Cash flows from transactions with government

In RSD 000	**31 December 2024**	**31 December 2023**
Cash receipts from refund of excise duties	129,062	498,682
Cash payments of other taxes and contributions	(81,447,443)	(69,637,652)
Income taxes paid	(32,836,875)	(1,311,512)
Net cash (outflow)	**(114,155,256)**	**(70,450,482)**

Government grants

The Group benefits from grants received from Government. Government grants are included in non-current liabilities as deferred income (Note 32). The amount revenues arising from received grants recognized in profit or loss is RSD 1,570 thousand in 2024 (2023: RSD 7,820 thousand).

In RSD 000	**31 December 2024**	**31 December 2023**
Grants received from the Government of RS and other state authorities	890,265	903,069
Total	**890,265**	**903,069**

Contingent liabilities

Based on the financing of infrastructure projects, the Group has contingent liabilities relating to the local governments as presented in the table below:

In RSD 000	**31 December 2024**	**31 December 2023**
Contingent liabilities relating to liabilities to local municipalities	9,244,868	8,191,055
Total	**9,244,868**	**8,191,055**

37.2 Profit distribution

Liabilities for dividends and profit sharing reported as at 31 December 2024 in the amount of RSD 3,012,191 thousand (31 December 2023: RSD 3,012,191 thousand) relate to liabilities to the founder recognized in the previous year on the basis of Decision of the Supervisory Board of the Group on the distribution of profits in favor of the founders, and in accordance with the Law on Budget of the Republic of Serbia.

The above mentioned liabilities of the Group are stated within other liabilities and accruals (Note 36).

No dividends were declared and paid by the Group to the founder for the years 2024 and 2023.

37.3 Transactions with key management personnel of the Group

Key management personnel include the general manager and executive directors of the Company. In addition, the executive management teams of the subsidiaries HES “Gornja Drina” d.o.o., Foča and “Kolubara - Građevinar” d.o.o., Lazarevac are also considered key management personnel.

37. RELATED PARTY DISCLOSURES (continued)

37.3 Transactions with key management personnel of the Group (continued)

Total amount of paid salaries and related salary compensations to the key management personnel during the 2024 and 2023 is presented in the table below:

In RSD 000	2024	2023
Gross salaries	149,059	120,902
Total	**149,059**	**120,902**

Outstanding amounts of liabilities arising from the transactions with the key management personnel as at 31 December 2024 and 2023 is presented in the table below:

In RSD 000	31 December 2024	31 December 2023
Unpaid salaries (gross)	6,771	5,162
Total	**6,771**	**5,162**

Compensations to the key management personnel comprise of earned salary and salary compensations. Earned salaries and compensations of salaries are subject of tax and contributions which are withhold from the gross salaries in accordance with the local laws applicable in the Republic of Serbia. In addition to earned salaries the key management personnel is also entitled to compensations with respect to retirement benefits and jubilee awards pursuant to the provisions of the Group’s collective bargain agreement under the terms and conditions valid for all other employees of the Group.

Except as disclosed above, there are no other materially significant transactions with key management personnel.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Capital risk management

Debt indicators of the Group for the year then ended are the following:

In RSD 000	31 December 2024	31 December 2023
Indebtedness - a)	276,998,053	269,352,657
Cash and cash equivalents	30,315,751	37,058,238
Net indebtedness	246,682,302	232,294,419
Capital - b)	646,291,721	635,053,034
Total debt to equity ratio	**0.38**	**0.37**

a) Indebtedness pertains to long-term and short-term liabilities.

b) Capital includes share capital, revaluation reserves, unrealized gains and losses from securities for sale, retained earnings and accumulated loss.

Significant accounting policies that pertain to financial instruments

Details on significant accounting policies, as well as criteria and basis for recognition of revenue and expenses for all financial assets and liabilities are disclosed in Note 4.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Categories of financial instruments

In RSD 000	31 December 2024	31 December 2023
Financial asset		
Financial assets at FVOCI (Note 22)	11,233	9,201
Other long-term financial assets (Note 22)	2,715,541	2,820,166
Trade and other trade receivables (Note 25)	84,671,928	87,364,929
Other receivables (Note 25)	14,767,280	12,037,623
Short-term financial assets	529,580	361,932
Cash and cash equivalents (Note 26)	30,315,751	37,058,238
Total	**133,011,313**	**139,652,089**
Financial liabilities		
Long-term loans and borrowings (Note 30)*	157,793,142	134,850,408
Other long-term financial liabilities (Note 30)**	3,991	12,441
Current portion of long-term loans and borrowings (Note 33)	36,810,603	40,989,923
Short-term financial liabilities (Note 33)***	363,716	493,720
Trade payables, except for received deposits and deposits bails (Note 35)	59,155,114	64,515,025
Other liabilities (Note 36)****	22,871,487	28,491,140
Total	**276,998,053**	**269,352,657**

* *Long-term loans and borrowings are stated net of current portion totalling RSD 36,810,603 thousand (2023: RSD 40,989,923 thousand).*

** *Other long-term financial liabilities that are not financial instruments in the amount RSD 387,298 thousand (2023: RSD 449,850 thousand) are not included.*

*** *Short term financial liabilities that are not financial instruments in the amount of RSD 174,550 thousand (2023: RSD 146,768 thousand) are not included.*

**** *Other liabilities that are not financial instruments in the amount of RSD 28,169,439 thousand (2023: RSD 27,114,467 thousand) are not included.*

Other receivables comprise of receivables for Public Media service tax, receivables for penalty for late payments, receivables for insurance compensations, receivables from employees, receivables from specific operations and other receivables, net or related allowance for impairment.

Other liabilities include liabilities towards individuals, liabilities for dividends and profit share and other liabilities (Note 36).

Primary financial instruments of the Group are cash and cash equivalents, trade receivables, interest receivables and trade payables, whose primary purpose is financing current operations of the Group. Under regular business conditions, the Group is exposed to risks stated below.

Financial risk management

Financial risks include market risk (foreign exchange risk and interest risk) and liquidity risk. Financial risks are reviewed on a timely basis and are primarily avoided by lowering the exposure of the Group to these risks. The Group does not use any financial instruments to avoid effects of financial risks on operations as such instruments are not widely used, nor are there organized markets for such instruments in the Republic of Serbia.

Market risk

In its regular business operations, the Group is exposed to financial risks from changes in exchange rates and changes in interest rates. Exposure to market risk is reviewed with sensitivity analysis. There were no significant changes to Group's exposure to market risk, nor in the Group's approach to measure and manage aforementioned risk.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk

The Group is exposed to currency risk primarily through loans and borrowings and trade payables which are denominated in foreign currency. The Group does not use derivative financial instruments as protection against risk, as such instruments are not common in the Republic of Serbia. Stability of the Group's economic environment largely depends on government commerce measures, including establishing appropriate legal and regulatory framework. Net book amount of Group's monetary assets and liabilities disclosed in foreign currency on reporting dates were the following:

	Amount in foreign currency				
Category of asset/liability	**EUR**	**JPY**	**CHF**	**USD**	**XDR**
As at 31 December 2024					
Long-term receivables and financial investments	2,221,533	-	-	-	-
Trade receivables and other receivables	597,428	-	-	3,534	-
Short-term financial investments	103,045	-	-	-	86,506
Cash and cash equivalents	3,183,254	-	1	1,739,152	-
Other receivables	355,449	4,411	-	210,799	-
Loans and borrowings	(111,942,394)	(8,824,359)	-	(69,353,362)	(86,506)
Trade payables	(7,070,362)	(5,265)	-	(2,207,378)	-
Interest liabilities	(15,680)	-	-	(12,345)	-
Total exposure to currency risk on 31 December 2024	**(112,567,727)**	**(8,825,213)**	**1**	**(69,619,600)**	**-**
As at 31 December 2023					
Long-term receivables and financial investments	2,182,900	-	-	-	83,794,453
Trade receivables and other receivables	3,750,562	-	-	9,497,391	-
Short-term financial investments	116,305	-	-	-	167,589,332
Cash and cash equivalents	4,622,790	25,625	1	2,233,698	-
Other receivables	340,874	-	-	279,638	-
Loans and borrowings	(92,570,797)	(13,872,824)	(783,465)	(60,869,708)	(251,383,926)
Trade payables	(2,432,691)	(6,963)	-	(10,990,603)	-
Interest liabilities	(15,039)	-	-	-	-
Total exposure to currency risk on 31 December 2023	**(84,005,096)**	**(13,854,162)**	**(783,464)**	**(59,849,584)**	**(141)**

The Group is primarily sensitive to changes in foreign exchange rates of currencies Euro and US dollar. The table below represents details of the sensitivity analysis of the Group's net monetary position to increase and decrease of relevant percentage change in exchange rates of Serbian dinar to listed foreign currencies.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

The sensitivity rate in the range from 4% to 15% is used for internal review of currency risk exposure, depending on the actual relative change of foreign exchange rate for selected foreign currencies. Sensitivity analysis includes only unsettled receivables and liabilities disclosed in foreign currency as at reporting date. A reasonably possible strengthening (weakening) of the Dinar against listed foreign currencies as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Positive number in the table below suggest an increase in current year profit when the Serbian dinar appreciates compared to foreign currency. In case of depreciation of Serbian dinar compared to foreign currency, the effect on the current year profit would be opposite i.e. the impact would be negative. The effects of simulated changes are as follows:

31 December 2024	Strengthening	Weakening
EUR (4% movement)	4,502,709	(4,502,709)
JPY (12% movement)	1,059,026	(1,059,026)
CHF (12% movement)	-	-
USD (15% movement)	10,442,940	(10,442,940)
XDR (10% movement)	-	-
Total	**16,004,675**	**(16,004,675)**

31 December 2023	Strengthening	Weakening
EUR (4% movement)	(3,360,204)	3,360,204
JPY (12% movement)	(1,662,499)	1,662,499
CHF (12% movement)	(94,016)	94,016
USD (15% movement)	(8,977,438)	8,977,438
XDR (10% movement)	(14)	14
Total	**(14,094,171)**	**14,094,171**

Sensitivity of the Group to changes in foreign exchange rates is mainly driven by outstanding liabilities with respect to loans and borrowings and trade payables denominated in foreign currency.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to risk from changes in interest rates regarding the interest-bearing financial instruments (assets and liabilities) with variable interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as at reporting date is as follows:

In RSD 000	31 December 2024	31 December 2023
Financial assets		
Interest free		
- financial assets at FVOCI	11,233	9,201
- other long-term financial assets	1,087,131	1,087,524
- trade receivables	84,671,928	87,364,929
- other receivables	998,239	321,696
- cash and cash equivalents	2,176,212	2,274,819
	88,944,743	**91,058,169**
Fixed interest rate		
- other long-term financial assets	592,003	506,461
- cash and cash equivalents	28,139,539	34,783,419
- short-term financial investments	324,238	24,431
	29,055,780	**35,314,311**
Variable interest rate		
- other long-term financial investments	1,036,407	1,226,181
- short-term financial investments	205,342	337,501
- other receivables	13,769,041	11,715,927
	15,010,790	**13,279,609**
Total assets	**133,011,313**	**139,652,089**
Financial liabilities		
Interest free		
- trade payables	59,155,114	64,515,025
- short-term financial liabilities	-	-
- other liabilities	22,562,428	28,182,803
	81,717,542	**92,697,828**
Fixed interest rate		
- long-term loans and borrowings	76,522,256	61,704,949
- current portion of long-term loans and borrowings	13,871,431	14,506,947
- other long-term financial liabilities	-	2,855
- short-term financial liabilities	-	150
	90,393,687	**76,214,901**
Variable interest rate		
- long-term loans and borrowings	81,270,886	73,145,460
- other long-term financial liabilities	3,991	9,586
- current portion of long-term loans and borrowings	22,939,172	26,482,975
- short-term financial liabilities	363,716	493,570
- other liabilities	309,059	308,337
	104,886,824	**100,439,928**
Total liabilities	**276,998,053**	**269,352,657**

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Market risk (continued)

Interest rate risk (continued)

In following tables are presented breakdowns of long term loans and borrowings and current portion of long terms loans and borrowings with variable interest rates by type of interest rate:

Long-term loans and borrowings

In RSD 000	**31 December 2024**	**31 December 2023**
6M EURIBOR	63,149,953	50,175,210
1M BELIBOR	2,800,000	4,400,000
KfW variable interest	7,577,877	6,386,078
3M EURIBOR	7,743,056	12,184,172
6M LIBOR		-
Total	**81,270,886**	**73,145,460**

Current portion of long-term loans

In RSD 000	**31 December 2024**	**31 December 2023**
6M EURIBOR	15,416,808	15,282,038
1M BELIBOR	1,600,000	3,100,000
3M EURIBOR	4,424,603	4,430,608
KfW variable interest	1,497,761	2,886,864
6M LIBOR	-	783,466
Total	**22,939,172**	**26,482,976**

Sensitivity analysis presented in the text below is established based on exposure to changes in interest rates for variable interest rate financial instruments as at reporting date. Analysis has been compiled under the assumption that the remaining amount of assets and liabilities as at the balance sheet date remained the same during the reporting period. This analysis also assumes that all other variables, in particular foreign currency exchange rates, remain constant. Sensitivity analysis is based on the assumption of a change in interest rates for 1 percentage point (100 basis points). Such change would have increased (decreased) equity and profit or loss by the amounts shown below:

In RSD 000	**Increase of 1pp**	**Decrease of 1pp**
31 December 2024	(898,760)	898,760
31 December 2023	(871,603)	871,603

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amount of financial assets and contract assets represent the maximum credit exposure.

Trade receivables and contract assets

Trade receivables are due from a large number of customers and consequently, the Group's exposure to credit risk is widely dispersed.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2024 and 2023:

			In RSD 000
At 31 December 2024	**Gross exposure**	**Allowance**	**Net exposure**
Not past due receivables	42,938,163	(682,185)	42,255,978
Past due receivables	113,586,785	(71,170,835)	42,415,950
Total	**156,524,948**	**(71,853,020)**	**84,671,928**

			In RSD 000
At 31 December 2023	**Gross exposure**	**Allowance**	**Net exposure**
Not past due receivables	52,892,897	(1,086,604)	51,806,293
Past due receivables	105,165,456	(69,606,820)	35,558,636
Total	**158,058,353**	**(70,693,424)**	**87,364,929**

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

Expected credit loss assessment for trade receivables from electricity

Trade receivables for electricity are predominant in the breakdown of trade receivables. As at 31 December 2024 the Group is exposed to credit risk for trade receivables for sold electricity in the amount of RSD 74,439,713 thousand (2023: RSD 75,515,606 thousand), or around 85% (2023: 85%).

At 31 December 2024 and 31 December 2023, the net exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows:

In RSD 000	**31 December 2024**	**31 December 2023**
Households and small customers	46,333,306	42,901,583
Commercial customers	27,348,584	32,217,615
Customers on last resort supply	325,253	396,408
Customers-producers	432,570	-
Total	**74,439,713**	**75,515,606**

As at 31 December 2024 the outstanding receivables due from the Group's top 15 customers for delivered electricity amounted to RSD 25,625,223 thousand what represent approximately 16% of total gross exposure in respect of current receivables for delivered electricity. As at 31 December 2023 such exposure amounted to RSD 36,578,123 thousand or approximately 23%.

Estimates of collectability for trade receivables for sold electricity are made by groups and subgroups, using an allowance for impairment matrix with impairment coefficients. These are calculated based on historical figures on credit losses and are updated periodically to reflect actual credit losses.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

Expected credit loss assessment for trade receivables from electricity (continued)

They are calculated on the basis of historical data on credit losses and are periodically updated to reflect credit losses.

Loss rates are calculated using a 'roll rate' method based on probability of a receivable progressing through successive stage of delinquency to write off. Roll rates are calculated separately for exposure in different segments based on the common credit risk characteristics.

Credit loss rates for supplied electricity (and related receivables) are estimated separately for the following categories of customers: commercial supply, reserved supply and guaranteed supply.

Credit loss rates are based on actual credit loss experience over the past years.

The following table provides information about exposure to the credit risk and expected credit losses for trade receivables for guaranteed, commercial and customers on last resort supply as at 31 December 2024:

In RSD 000	Weighted-average loss rate	Gross exposure	Credit loss
Households and small customers			
Not past due receivables	1.85%	21,615,801	(400,215)
Less than 30 days	5.37%	5,863,194	(314,610)
31-60	8.51%	2,946,379	(250,812)
61-90	12.39%	1,866,374	(231,211)
91-180	15.85%	3,788,814	(600,681)
181-270	33.00%	4,947,504	(1,632,443)
271+	61.11%	22,460,513	(13,725,300)
		63,488,579	**(17,155,272)**
Commercial customers			
Not past due receivables	1.32%	20,871,417	(276,098)
Less than 30 days	7.31%	4,214,146	(308,214)
31-60	29.01%	870,269	(252,493)
61-90	31.57%	500,525	(158,008)
91-180	36.38%	807,717	(293,858)
181-270	52.78%	662,059	(349,434)
271-360	68.27%	358,166	(244,515)
361+	92.98%	13,489,300	(12,542,396)
		41,773,599	**(14,425,016)**
Customers on last resort supply			
Not past due receivables	9.91%	35,843	(3,551)
Less than 30 days	72.71%	133,607	(96,479)
31-60	70.49%	41,321	(29,128)
61-90	93.34%	104,184	(97,241)
91-180	82.24%	137,738	(113,278)
181-270	88.13%	107,597	(94,826)
271-360	88.88%	23,625	(20,999)
361+	95.09%	4,006,338	(3,809,496)
		4,590,253	**(4,264,998)**
Customers-producers			
Not past due receivables	0.56%	415,103	(2,320)
Less than 30 days	3.00%	17,228	(516)
31-60	14.47%	3,525	(510)
61-90	40.43%	47	(19)
91+	75.00%	128	(96)
		436,031	**(3,461)**

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Credit risk (continued)

Movements in the allowance for impairment in respect of trade receivables and other financial assets

The movement in the allowance for impairment in respect of trade receivables and other financial assets during the year was as follows:

In RSD 000	Other long-term financial investments	Trade and other receivables	Short-term financial investments	Cash and cash equivalents	Total
1 January 2023	**1,489,687**	**80,424,104**	**671,626**	**267,701**	**82,853,118**
Allowances charged to Statement of profit or loss	51,915	5,074,941	-	50,062	5,176,918
Collection of previously written-off receivables	(1,178)	(1,078,653)	-	-	(1,079,831)
Write-off of receivables and investments	(54,748)	(3,512,199)	(17,619)	(6,231)	(3,590,797)
Reclassification within receivables	144,860	-	(144,860)	-	-
Other	(19,746)	-	(16,623)	-	(36,369)
31 December 2023	**1,610,790**	**80,908,193**	**492,524**	**311,532**	**83,323,039**
Allowances charged to Statement of profit or loss	62,650	6,351,749	9,930	-	6,424,329
Collection of previously written-off receivables	(82,869)	(441,415)	(44,040)	`-	(568,324)
Write-off of receivables and investments	-	(2,066,642)	(66,691)	(5,122)	(2,138,455)
Reversal of ECL impairment	-	-	-	(35,062)	(35,062)
Reclassification within receivables	399,698	(505,704)	106,006	-	-
Other	-	277,207	-	-	277,207
31 December 2024	**1,990,269**	**84,523,388**	**497,729**	**271,348**	**87,282,734**

Liquidity risk

Ultimate responsibility for liquidity risk management is on the Group's Management, which has established an appropriate managing system for utilization of short-term, medium term and long-term financing of the Group, as well as liquidity management. The Group manages liquidity risk by maintaining appropriate monetary reserves and by continuously monitoring planned and actual cash flows, as well as maintaining appropriate ratio of maturity of financial assets and liabilities. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. The Group's overall approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities as at the reporting date. The amounts are gross and undiscounted, i.e. include contractual interest payments.

31 December 2024		Contractual cash flows					
In RSD 000	Carrying amount	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Long-term bank loans (Note 30)	194,603,745	(212,340,214)	(12,421,206)	(29,810,396)	(42,855,521)	(70,717,719)	(56,535,372)
Other long-term financial liabilities (Note 30)	3,991	(11,701)	(2,553)	(6,052)	(1,930)	(1,166)	-
Short-term financial liabilities (Note 33)	363,716	(363,716)	(363,716)	-	-	-	-
Trade payables (Note 35)	59,155,114	(59,155,114)	(59,155,114)	-	-	-	-
Other liabilities (Note 36)	22,871,487	(22,871,487)	(22,871,487)	-	-	-	-
Total	**276,998,053**	**(294,742,232)**	**(94,814,076)**	**(29,816,448)**	**(42,857,451)**	**(70,718,885)**	**(56,535,372)**

31 December 2023		Contractual cash flows					
In RSD 000	Carrying Amount	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
Long-term bank loans (Note 30)	175,840,331	(201,321,550)	(9,828,144)	(36,358,554)	(35,070,632)	(71,210,762)	(48,853,458)
Other long-term financial liabilities (Note 30)	12,441	(13,798)	(2,199)	(6,413)	(5,186)	-	-
Short-term financial liabilities (Note 33)	493,720	(493,570)	(493,570)	-	-	-	-
Trade payables (Note 35)	64,515,025	(64,515,025)	(64,515,025)	-	-	-	-
Other liabilities (Note 36)	28,491,140	(28,491,140)	(28,491,140)	-	-	-	-
Total	**269,352,657**	**(294,835,083)**	**(103,330,078)**	**(36,364,967)**	**(35,075,818)**	**(71,210,762)**	**(48,853,458)**

38. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Fair value of financial instruments

The following table shows financial assets and liabilities at their carrying amounts and respective fair values as at 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
In RSD 000	Carrying value	Fair value	Carrying value	Fair value
Financial asset				
Financial assets at FVOCI	11,233	11,233	9,201	9,201
Other long-term financial assets	2,715,541	2,715,541	2,820,166	2,820,166
Trade receivables	84,671,928	84,671,928	87,364,929	87,364,929
Other receivables	14,767,280	14,767,280	12,037,623	12,037,623
Short-term financial investments	529,580	529,581	361,932	361,932
Cash and cash equivalents	30,315,751	30,315,748	37,058,238	37,058,238
	133,011,313	**133,011,311**	**139,652,089**	**139,652,089**
Financial liabilities				
Long-term loans and borrowings	157,793,142	157,793,142	134,850,408	134,850,408
Other long-term financial liabilities	3,991	3,991	12,441	12,441
Current portion of long-term loans and borrowings	36,810,603	36,810,603	40,989,923	40,989,923
Short-term financial liabilities	363,716	363,716	493,720	493,720
Trade payables	59,155,114	59,155,114	64,515,025	64,515,025
Other liabilities	22,871,487	22,871,487	28,491,140	28,491,140
	276,998,053	**276,998,053**	**269,352,657**	**269,352,657**

The management of the Group holds that there are no materially significant differences between the carrying amount and fair value of certain items of financial assets and financial liabilities. In addition, the carrying value of trade and other receivables and trade and other payables may be considered to be a reasonable approximation of its respective fair value due to their short-term maturity.

Financial assets at FVOCI are measured at fair value on a recurring basis. The following table gives information about how the fair values of these financial assets are determined:

	In RSD 000 Fair value as at			
Financial assets at FVOCI	**31 Dec 2024**	**31 Dec 2023**	**Fair value hierarchy**	**Valuation techniques and key inputs**
Equity shares	11,233	9,201	Level 1	Quoted bid prices in an active market

The fair value of all other assets and liabilities fall into level 3 of fair value hierarchy.

Collateral

The Group has not pledged any of its assets as at presented reporting dates in order to fulfil any collateral requirements.

The Group did not hold any materially significant collateral as at presented reporting dates.

39. NON-CONTROLLING INTERESTS

The Group's subsidiaries with non-controlling interests at 31 December 2024 and 31 December 2023 are set out below:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	Ownership interest held by non-controlling interests	Accumulated NCI (in RSD 000) 31 December 2024	Accumulated NCI (in RSD 000) 31 December 2023
"Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča	Republic of Srpska	51.00%	49.00%	3,084,371	3,113,497
"Kolubara – Gradjevinar" d.o.o., Lazarevac	Republic of Serbia	71.90%	28.10%	(1,885,064)	(1,470,732)
				1,199,307	**1,642,765**

Non-controlling interests have material interest in one subsidiary – "Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča, Republic of Srpska.

At the end of 2020, the Group acquired 51% share in the company "Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča, Republic of Srpska, in accordance with the Conclusion of the Government 05 No. 018-8015/2018 dated 28 August 2018 and the Memorandum on cooperation on the energy sector concluded on 28 August 2018 between the Government of the Republic of Serbia and the Government of the Republic of Srpska. Memorandum on cooperation on the energy sector defined the determination of the parties to improve cooperation and provide mutual assistance in the energy sector. It was agreed that the cooperation would be implemented, among other things, through mutual cooperation in research of hydropower potential of the upper course of the Drina river and preparation of studies of commercial viability of the construction of the energy facilities "Foča" with an installed capacity of 44.15 MW, "Paunci" with an installed capacity of 43.21 MW and "Buk Bijela" with an installed capacity of 93.52 MW. To that end, the Government of the Republic of Srpska issued a Decision on approval of the change of ownership of the Company "HES Gornja Drina" d.o.o., Foča, Republic of Srpska through transfer of 51% of ownership rights of the said company from the previous owner Mješoviti holding "Elektroprivreda Republike Srpske" - parent company a.d. Trebinje to the Group. Registration was performed through Decision on Registration number 062-0-Reg-20-000279 dated 19 November 2020.

The Group recognized non-controlling interests in an acquired entity at the non-controlling interests proportionate share of the acquired entity's net identifiable assets. Total non-controlling interests in the amount of RSD 3,084,371 thousand as at 31 December 2024 completely relate to Mješoviti holding "Elektroprivreda Republike Srpske" - parent company a.d., Trebinje. Mješoviti holding "Elektroprivreda Republike Srpske" has 49% of ownership interest in acquired subsidiary "Hidroelektroenergetski sistem Gornja Drina" d.o.o., Foča, Republic of Srpska.

39. NON-CONTROLLING INTERESTS (continued)

The following table summarises the information relating to “Hidroelektroenergetski sistem Gornja Drina” d.o.o., Foča as at 31 December 2024 and 31 December 2023, before any intra-group eliminations.

In RSD 000	31 December 2024	31 December 2023
NCI percentage	**49%**	**49%**
Non-current assets	4,335,408	5,183,951
Current assets	87,679	314,888
Non-current liabilities	-	(1,582)
Current liabilities	(7,952)	(93,366)
Net assets	**4,415,135**	**5,403,891**
Revenue	1,871	-
Profit/(Loss)	(59,638)	(58,784)
OCI	-	-
Total comprehensive income	**(59,638)**	**(58,784)**
Loss allocated to NCI	(29,223)	(28,804)
OCI allocated to NCI	-	-
Cash flows from operating activities	11,049	61,813
Cash flows from investment activities	(175,627)	(599,641)
Cash flows from financing activities	-	-
Effect of movements in exchange rates	-	(613)
Net increase/(decrease) in cash and cash equivalents	**(164,578)**	**(538,441)**

40. COMMITMENTS AND CONTINGENT LIABILITIES

Litigations

As at 31 December 2024, total exposure of the Group from litigations amounted to RSD 11,559,744 thousand (31 December 2023: RSD 2,999,934 thousand). The final outcome of these litigations is uncertain. As disclosed in Note 29, as at 31 December 2024, the Group made a provision for potential losses from those litigations in the total amount of RSD 2,641,319 thousand (31 December 2023: RSD 2,513,417 thousand), based on the management's assessment. As for the remaining amount of legal disputes that are being conducted against the Group and for which no provision for potential losses has been made, the Group's management considers that there is no risk of material losses.

Capital commitments

As at 31 December 2024 the Group had total commitments in the amount of RSD 22,887,301 thousand (31 December 2023: RSD 40,475,219 thousand) relating to the acquisition or reconstruction of property, plant and equipment.

Liabilities toward the Deposit Insurance Agency

The Group did not reconcile its liabilities toward the Deposit Insurance Agency which manages assets and liabilities transferred in the process of restructuring of banks and other activities associated with the process of restructuring of banks, in accordance with the Law on the Deposit Insurance Agency. The disputed amount relates to the liability toward the London Club of Creditors for the debt principal of USD 42,148,080.27 and interest in the amount of USD 50,709,409.81, which in the equivalent amount in dinars amounts to RSD 10,440,766 thousand.

Namely, the disputed amount relates to funds borrowed by public enterprises on the territory of the Autonomous Province of Kosovo and Metohija, which are directly related to the assets of those enterprises, and over which the Parent Company does not have control, despite the capital relationship, as indicated in Note 1. The ultimate beneficiaries, according to binding agreements on borrowed funds, are enterprises on the territory of the Autonomous Province of Kosovo and Metohija.

40. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Liabilities toward the Deposit Insurance Agency (continued)

According to the Law Governing Relations Between the Republic of Serbia and Banks in Bankruptcy Regarding Foreign Loans and Borrowings (Off. Gazette of RS no. 45/05), under conditions when the Republic of Serbia assumed such liabilities in accordance with the Law Governing the Relations between the Federal Republic of Yugoslavia and Legal Entities and Banks within the Territory of the Federal Republic of Yugoslavia (FRY Official Gazette No. 36/02 and 7/03), the Parent Company concluded with the Agency an agreement in which it regulates its obligations toward the Republic of Serbia, as per transactions in which it is the ultimate debtor.

Contingent liabilities arising from agreements with local self-governments

Based on the financing of infrastructure projects, the Group has potential obligations towards local self-governments, and according to the agreements which, most often, relate to the regulation of watercourses and infrastructure corridors, regulation of zones of mining and related activities, protection of water sources, moving settlements and relocating facilities, building or adapting educational, cultural, health, religious, sports, infrastructural facilities, wastewater treatment plants, water and other facilities, including maintenance of water levels in rivers belonging to the Black Sea basin, removal of harmful effects of sedimentation, etc. with the participation of local self-governments, namely in the part of co-financing or providing conditions for construction in accordance with regulations governing planning and construction, expropriation of real estate in places of local self-government, etc.

However, there are significant uncertainties regarding the likelihood of future events that are not fully within the Group's control, such as: hydrometeorological conditions, water levels, fulfillment of commitments undertaken by local self-governments - signatories to an agreement, as well as the consent of owners of the such facilities. In some of the agreements (program foundations and the like), the estimated value of the funds required by the Group for financing total obligations was not determined, and according to some agreements from earlier years, although the value was projected, it was not realized, at least not in the scope originally determined, given that no events occurred that would lead to an outflow of economic benefits. The execution of agreements with local self-governments will be confirmed only by the fulfillment of the obligations of local self-governments or by the occurrence or non-occurrence of one or more uncertain future events, over which the Parent Company has no influence and for which the amount and probability of occurrence cannot be determined reliably.

For each occurrence of relevant events, operating liabilities were recognized, as disclosed in the following table:

No. Number	Agreement name	In thousands of RSD Total recorded per agreements up to 31-Dec-24
1	Agreement on regulating mutual obligations with the Municipality of Svilajnac	300,000
2	Agreement on realization of the project for the construction of the main route of the new heat pipeline rout III	150,125
3	Agreement on acquisition of public purpose facilities (AD Dragan Marković and Serbia’s Army Club)	40,000
4	Agreement on project for paving uncategorized roads on the territory of the Municipality of Obrenovac	50,000
5	Self-governing agreement on rights and obligations in conducting activities on expropriation of real-estate properties for relocating settlements and regulating the zone of the Principal facility linked to construction of HEPS Djerdap 2	437,199
6	Program basis for relocating the Vreoci settlement	2,478,004
7	Agreement on implementing the program of resettling parts of the settlements Baroševac, Zeoke and Medoševac	1,563,382
8	Agreement on regulating relations associated with relocation of public function facilities from the territories of Land Registry Municipality Mali Borak and Land Registry Municipality Skobalj	620,809
9	Agreement on financing the relocation of cultural monuments located in the zone of mine works	45,096
10	Agreement on regulating relations linked to the opening of the open pit mine “Radljevo” - Phase I (part related to phase one – RSD 6,242,448,002)	3,171,266
11	Agreement on regulating relations linked to financing the repair and improvement in infrastructural facilities on the territory of the City of Požarevac	388,987

41. NON-CASH TRANSACTIONS AND OTHER CASH FLOWS DISCLOSURES

In RSD 000	31 December 2024	31 December 2023
Commodity loans (Note 30)	15,701,941	15,739,904
Acquisition of property, plant and equipment (Notes 19 and 32)	24,121	157,194
Non-cash transactions arising from operating activities	59,411,073	70,908,505

Non-cash transactions arising from operating activities relate to the compensation of mutual receivables and payables with customers and suppliers and are also excluded from the statement of cash flows (cash receipts from the sale and cash payments to suppliers for goods and services).

42. SUBSEQUENT EVENTS

Loans with international financial institutions

On 10 February 2025, Annex 3 of the Special Agreement dated 29 November 2017 was signed, which is a supporting document of the Loan Agreement concluded with KfW Bank on 27 September 2024, in the amount of EUR 30 million. Based on the signed annex the Republic of Serbia has adopted the law on issuing guarantees for the said loan, after which the loan agreement shall go into effect, with the application of appropriate procedures.

Furthermore, on 27 December 2024, the Republic of Serbia concluded a financial agreement with the European Investment Bank in the amount of 100 million euros. After its confirmation by the Parliament of the Republic of Serbia, the Agreement will be concluded on the transfer of funds between the Ministry of Finance, the Ministry of Mining and Energy and the Company, based on which the amount of RSD 100 million will be made available to the Company in order to modernize existing hydroelectric power plants and put into operation new plants for the production of renewable energy.

Revitalization of the second unit at RHE "Bajina Bašta" has begun

During March 2025, the second phase of the revitalization of the second unit at the RHE "Bajina Bašta" began. The revitalization project is divided into three segments, with the first part contracted with the Japanese "Toshiba", covering the procurement, installation, testing and commissioning of the pump-turbine and engine-generator. In the second part, experts from the "Mihailo Pupin" Institute will perform the revitalization of the control system, that is, the electrical protection system and generator voltage equipment, while the third segment includes the revitalization of the generator excitation system in the RHE operated by the "Nikola Tesla" Institute.

New project Kostolac B3

The Company received new production capacity on 13 December 2024, thermo power plant Kostolac B3 with 350 MW output capacity. Kostolac B3 is in trial operation, which will last until 26 June 2025, and the Company is currently in the process of obtaining operating permits. Currently, the comments and deficiencies are being eliminated, and the deadline for their elimination is the end of June 2025. In addition, during the warranty period, which lasts until 3 December 2025, Chinese company CMEC eliminates deficiencies and malfunctions that occur during the warranty period. Kostolac B3 reached constant operation at nominal capacity in the second half of March 2025. During the previous period of operation, the unit has been operating in manual mode, while the nominal operation of the unit is in automatic mode. In order to achieve the maximum effect of the unit's exploitation during the warranty period, it is necessary to check the control loops and additional combustion optimization.

Adoption of Amendments and addenda to methodology for setting guaranteed supply electricity price

On 27 March 2025, the Council of the Energy Agency of the Republic of Serbia adopted amendments to the Methodology for Determining the Electricity Price for Guaranteed Supply. These changes reflect recent amendments to the Energy Law, including updated definitions and customer group classifications, adjustments to tariff calculation methods, and revised allocation of cost components across all customer categories.

As a result of these regulatory changes, a shift in the sales structure between commercial and guaranteed supply is expected during the second half of 2025. While the volume of guaranteed supply is anticipated to increase, this will be offset by a corresponding decrease in commercial sales.

Management has assessed that these changes will not have a material impact on the Group’s revenue or overall business performance.

43. FOREIGN EXCHANGE RATES

Middle and average exchange rates for foreign currency, as determined at the interbank foreign exchange market, that are used in translating line items stated in foreign currencies into dinars are presented below:

	Average middle exchange rate for the year		Middle exchange rate as at 31 December	
Currency	**2024**	**2023**	**2024**	**2023**
EUR	117.0861	117.2530	117.0149	117.1737
USD	108.2176	108.4111	112.4386	105.8671
JPY	0.7149	0.7736	0.7199	0.7488
CHF	122.9266	120.6664	124,5237	125.5343
XDR	143.6454	144.6154	146.6346	142.0390